



Shenzhen Tefa Information Co.

# Annual Report 2021

April 2022

## Section I. Important Notes, Table of Contents and Interpretation

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 records, misleading statements or material omissions, and that they assume individual and joint legal responsibility.

Mr. Gao Tianliang, 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.

All Directors were present at the Board meeting at which this report was considered.

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.

The Company has described in detail the possible risks and countermeasures in the Company's operation in Section III of this report under "Management's Discussion and Analysis" in the section

"XI.

The Company plans to pay no cash dividends, no bonus shares and no increase in share capital by way of transfer of public reserves.

## table of contents

Section I. Important Notes, Table of Contents and Interpretations.....	2
Section II. Company profile and key financial indicators.....	6
Section III. Management discussion and analysis.....	11
Section IV. Corporate governance.....	41
Section V. Environmental and social responsibility.....	68
Section VI. Important matters.....	70
Section VII. Movements in shares and shareholders.....	105
Section VIII. Preferred shares-related information.....	112
Section IX. Bond-related information.....	113
Section X. Financial report.....	119

## List of documents available for inspection

- (i) Financial statements containing the signatures and seals of the legal representative, the person in charge of accounting and the person in charge of the accounting organization (the person in charge of accounting).
- (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 announcements that were publicly disclosed during the reporting period.
- (iv) Annual reports published on other stock markets.

## 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.
report period	point at or to	1 January 2021 to 31 December 2021
\$, \$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	Gao Tianliang		
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		
Historical changes to the company's registered address	In 2002, it was changed to 4/F, Communication Building, No.2 Ke Feng Road, Science and Technology Industrial Park, Nanshan District, Shenzhen, and in 2013, it was changed to 18/F, Building B, Tefa Information Port Building, No.2 Ke Feng Road, Hi-Tech Zone, Nanshan District, Shenzhen.		
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	sdgi_dmc@sdgi.com.cn		

### II. Contact person and contact details

	Secretary of the Board	Securities Representative
name and surname	idyllic	Yang Wen
Contact address	18th Floor, Building B, Tefa Information Port Building, No. 2 Ke Feng Road, Hi-tech Zone Central, Nanshan District, Shenzhen	18/F, Building B, Tefa Information Port Building, No. 2 Ke Feng Road, Hi-Tech Zone Central, Nanshan District, Shenzhen
phone number	0755-66833901	0755-66833901



telex	0755-26506800	Annual Report 2021 0755-26506800
electronic mailbox	sdgi_dmc@sdgi.com.cn	sdgi_dmc@sdgi.com.cn

### III. Disclosure of information and place of availability

Website of the stock exchange where the company discloses its annual report	Shenzhen Stock Exchange (SZSE)
Name and website of the media in which the company discloses its annual report	Securities Times, Juchao Information Network (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 listing, if any	The main business of the company when it was listed in 2000 was the manufacture and sale of optical fiber and optical cable. 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 Fourier by issuing shares, and the two companies were included in the scope of consolidated statements of Tefa Information. In 2019, the company acquired Sichuan Huatuo shares and increased its capital to 70%, so that the photoelectric manufacturing industry was 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. The company's main business has been expanded into cable manufacturing industry, optoelectronic manufacturing industry, technology integration industry and intelligent service industry. During the reporting period, there was no change in the main business.
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.	Jintian Road, Futian Street, Futian District, Shenzhen 2026 Energy Building, South Tower, 10th-19th floors	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 Annual Report 2021

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

☒ Yes ☐ No

Retroactive

adjustment or

restatement of

cause accounting

error correction

	2021	2020		Current year increas e/decre ase over previou s year	2019	
		Before adjustments	After adjustments	After adjustmen ts	Before adjustment s	After adjustments
Operating income (\$)	4,590,838,502.20	4,722,428,257.52	4,722,428,257.52	-2.79%	4,655,911,057.79	4,328,357,960.44
Net profit attributable to shareholders of listed companies (yuan)	-618,453,267.57	11,445,456.46	11,445,456.46	-5,503.48%	323,176,298.40	344,256,749.15
Net profit after non-recurring gains and losses attributable to shareholders of the listed company (\$)	-664,343,432.24	-55,764,181.49	-55,764,181.49	-1,091.34%	78,321,501.26	99,401,952.01
Net cash flows from operating activities (\$)	-577,731,148.23	64,751,953.26	64,751,953.26	-992.22%	-254,983,835.20	-254,983,835.20
Basic earnings per share (yuan/share)	-0.7505	0.0140	0.0140	-5,460.71%	0.4123	0.4392
Diluted earnings per share (yuan/share)	-0.7505	0.0140	0.0140	-5,460.71%	0.4096	0.4280
Weighted average return on net assets	-28.52%	0.39%	0.39%	-28.91%	12.37%	13.12%
	End of 2021	End of 2020		Increase/d ecrease at the end of the year over the end of the previous year	End of 2019	
		Before adjustments	After adjustments	After adjustmen ts	Before adjustment s	After adjustments
Total assets (\$)	8,323,832,711.53	10,619,606,224.59	10,085,627,281.75	-17.47%	7,623,760,794.35	7,089,781,851.51

Net assets attributable to shareholders of listed companies (yuan)	1,977,179,785.34	2,969,191,086.82	2,432,072,540.55	Annual Report 2021 -18.70%	2,913,835,019.93	2,376,716,473.66
--	------------------	------------------	------------------	-------------------------------	------------------	------------------

Reasons for changes in accounting policies and correction of accounting errors

For details of the correction of prior period accounting errors, please refer to the Company's "Announcement on Correction of Prior Period Accounting Errors", which has been audited by Baker Tilly International CPA (Special General Partner) and issued the report No. "Baker Tilly [2022] 24136-6".

Special Audit Report on the Explanation of Correction of Prior Period Accounting Errors of Shenzhen Tefa Information Co.

The lower of the Company's net profit before or after 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	2021	2020	note
Operating income (\$)	4,590,838,502.20	4,722,428,257.52	not
Operating income deduction amount (\$)	190,060,159.62	143,206,964.67	2021 External rental income of \$110,075,063.50; material sales

			Sales revenue of \$55,313,008.24; other revenue not related to the main business The total amount of income is \$24,672,087.88.
Amount of operating income after deductions (\$)	4,400,778,342.58	4,579,334,491.75	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	1,529,962,843.50	765,524,776.38	856,281,837.22	1,439,069,045.10
Net profit attributable to shareholders of listed companies	11,533,549.29	978,846.96	-35,586,714.78	-595,378,949.04
Net profit after non-recurring profit or loss attributable to shareholders of the listed company	5,527,353.30	-27,742,991.22	-51,275,594.95	-590,852,199.37
Net cash flows from operating activities	-365,289,132.97	-509,215,945.18	-135,114,401.21	431,888,331.13

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

Not applicable

Unit: \$

sports event	2021 Amount	Amount in 2020	2019 Amount	instructions
Gains and losses on disposal of non-current assets (including allowance for impairment of assets)	8,594,784.42	-335,904.69	210,804,324.03	

(offsetting portion of the provision)				
Government subsidies charged to current profit or loss (except those closely related to the Company's normal business operations, which are in line with national policies and are enjoyed on an ongoing basis at a fixed or quantitative amount in accordance with certain standards)	32,091,480.02	51,303,547.89	38,661,924.12	
Gains or losses from entrusting others with the investment or management of assets		493,401.49	802,792.67	
Gains or losses from changes in fair value of financial assets held for trading, financial liabilities held for trading and investment gains from disposal of financial assets for trading and available-for-sale financial assets, except for effective hedging operations related to the Company's normal business operations	21,008,454.57			
Reversal of provision for impairment of receivables tested separately for impairment		16,800,000.00		
Non-operating income and expenses other than those mentioned above	3,438,926.54	-46,370,631.17	-14,498,206.62	
Other items of profit or loss that meet the definition of non-recurring profit or loss	-7,562,373.53	43,638,574.26	60,111,501.92	
Less: Income tax effect	9,253,582.89	9,601,478.17	48,828,976.45	
Amount of minority interest impact (after tax)	2,427,524.46	-11,282,128.34	2,198,562.53	
add up the total	45,890,164.67	67,209,637.95	244,854,797.14	—

Details of other items of profit or loss that meet the definition of non-recurring profit or loss.

☐ Applicable ☒ Not applicable

The Company does not have specific information on other items of profit or loss that meet the definition of non-recurring profit or loss.

Information on the definition of non-recurring items of profit or loss 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



---

☐ Applicable ☒ Not applicable

The Company does not have any non-recurring items of profit or loss listed in the "Explanatory Bulletin No. 1 on Disclosure of Information by Companies Issuing Public Securities - Non-recurring Profit or Loss" that are defined as items of recurring profit or loss.

## Section III. Management discussion and analysis

### I. Industry in which the company operates during the reporting period

The company has developed around the development of the communications industry, forming four business segments: cable manufacturing, optoelectronic manufacturing, technology convergence and intelligent services.

#### 1、Cable manufacturing

With 5G, gigabit optical network and other new information infrastructure construction and applications speeding up, the multi-level collaboration and convergence of computing power, cloud, IP network and optical network brings network traffic demand growth, promoting the market demand for fiber optic cable to maintain a relatively stable growth. The full-scale launch of the "East Data and West Computing" project and its diversified and high-quality interconnection needs within data center clusters, between data centers and between different data center clusters will further promote the accelerated development of key technologies and product applications for ultra-high-speed optical transmission.

Power cable industry with the country to speed up the smart grid, digital grid construction, grid connection function demand is increasing day by day, in order to meet the demand for inter-grid connection, including ultra-high voltage projects, including the construction of power energy network, will bring a certain amount of incremental OPGW, photoelectric composite cable, OPPC, ADSS and ordinary fiber optic cable; coupled with the rapid growth in demand for railways and urban rail transit, power cable future Demand and growth space can be expected.

#### 2、Photovoltaic manufacturing

In March 2021, the Ministry of Industry and Information Technology promulgated the "Action Plan for Collaborative Development of Dual Gigabit Networks (2021-2023)", encouraging enterprises such as fiber optic cables, chips and devices, and network equipment to consolidate their existing industrial advantages, focus on improving the R&D and manufacturing of core chips, network equipment,

modules, devices and other products, and continue to improve the level of advanced industrial base and modernization of industrial chain.

In addition, the application of "networking +" in the field of broadband access equipment has brought new development space for broadband access equipment. By improving user experience and efficiency, the number of Internet broadband access users continues to increase and broadband network construction accelerates, driving the increasing market demand for communication terminal equipment and providing new growth space for the broadband access equipment industry.

### 3. Integration of science and technology

The "Nineteenth National Congress" has put forward a new "three-step" strategy for the modernization of China's national defence and military, which has put forward higher demands for the construction of weapons and equipment, and the construction of military information technology has become an important direction for military construction. Military information technology industry will fully benefit from the long-term information technology construction, the renewal of weapons and equipment and the localization process. Based on the breakthrough of new technologies, the application of advanced concepts and key technologies of 5G to information construction will be a good opportunity for military communication systems to achieve leapfrog development. The new generation of weapons and equipment continue to be finalized and installed, the proportion of informatization and localization rate continues to increase, as well as the speed of informatization system renewal and replacement, which will inevitably drive the continued release of demand for military informatization-related industries.

#### 4. Intelligent services

According to the Proposal of the Central Committee of the Communist Party of China on Formulating the 14th Five-Year Plan for National Economic and Social Development and the 2035 Visionary Goals, it has become a national development strategy to welcome the digital era, accelerate the construction of a digital economy, digital society and digital government, and drive the transformation of production, lifestyle and governance with digital transformation as a whole.

With the rapid development of a new generation of information technology, benefiting from the launch of the "East Digital West Computing" project, downstream cloud computing industry development, new infrastructure policy, and the rise and development of 5G, artificial intelligence, the Internet of Things and other new technologies, fiber optic cable products, optical modules and optical components business, integrated cabling services, etc. can be used in the intelligent service industry. The field of information service will also take on a new look.

## II. Major businesses engaged by the Company during the reporting period

Based on the leading industry of optical communication, the company has gradually developed into four business segments, namely, cable manufacturing, optoelectronic manufacturing, technology integration and intelligent services, closely following the new positioning of the 14th Five-Year Plan of "products + services" and focusing on 5G, big data, cloud computing, Internet of Things, artificial intelligence and other new generation information technology applications. The company provides professional solutions for customers in various fields of information technology around the application of new generation information technology such as 5G, big data, cloud computing, Internet of Things and artificial intelligence. The company has industrial bases in South China, Southwest China, East China, 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、Cable manufacturing segment

The products mainly include: optical fiber, optical cable, optical connector,

aluminum clad steel wire, optical cable fixture and accessories and other new generation information technology basic materials. The products are widely used in telecommunication operators such as China Mobile, China Unicom and China Telecom, as well as private networks in industries such as electric power, radio and television, petroleum, mining, highways, railways and national defense, and are widely used in key projects such as national-level trunking networks. The key construction projects of integrators and overseas customers, business throughout the country as well as 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.

The company's cable manufacturing segment has production bases in Shenzhen, Dongguan, Chongqing, Changzhou and Zaozhuang, with a plant area of more than 270,000 square meters; it has introduced a series of advanced fiber and cable production and testing equipment from abroad to set up the largest fiber optic cable development, production 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 soft fiber optic cable, butterfly introduction fiber optic cable, power fiber optic cable, aluminum clad steel products, fiber optic cable fixtures and accessories, etc.; the power cable field can also provide online monitoring, temperature measurement, vibration and other products.

## 2、Photonics manufacturing segment

The products mainly include: optical modules for wireless, fixed network and data center, 10GPON/XGPON, 4K/8K HD set-top box, and

HD IPC, WiFi5/WiFi6 router, Android cloud server, Gigabit/10 Gigabit campus-level management switch and other network terminal equipment, optical switching products, etc. We have the ability to manufacture passive equipment covering wireless, fixed network, data center and other transmission network nodes. To provide customers with home intelligent terminals, as well as user-side optical and electrical components and equipment integrated product and system service solutions.

During the reporting period, the companies in the segment included: Optical Network Technology, Tefa Dongzhi and Sichuan Huatuo. Optical Network Technology provides passive access equipment, mainly engaged in the research and development, production and services 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, and is mainly engaged in the R&D, production and sales of passive fiber optic network terminals, wireless routers, IPTV set-top boxes, splitters and intelligent routers, etc. It mainly adopts the ODM model and provides product design and production outsourcing services for many domestic leading companies in the field of communication equipment. Sichuan Huatuo is an optical module manufacturer integrating R&D, production, sales and service, with business fields involving R&D, production and sales of optical components, modular products and subsystems. It has a full range of optical communication modules and high-speed interconnect products production capacity, and its products are widely used in wireless, transmission and data center fields, and provides efficient and convenient optical communication solutions for global users.

### 3. Science and technology integration board

The products mainly include: military supporting electronic signal and information processing, high-performance computing, data storage, embedded computers, measurement and control simulation platforms, satellite communications, and equipment manufacturing. The company's science and technology integration segment is mainly engaged in the development and production of various types of military intelligent terminals, software, big data platforms and other businesses,

providing advanced equipment information products for various military services.

The main companies in the segment include: Chengdu Fourier and Shenzhou Feiyang. Chengdu Fourier is mainly engaged in the research and development, production and sales of military aviation communication equipment, measurement and control integration and satellite communication technology, data loggers and bullet-loading computers, with products mainly based on embedded high-speed digital signal processing technology as the core, and has formed a technical application system for military information equipment design and information system integration. Shenzhou FH 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 form advantageous cooperation in many aspects through mutual support of products and services.

#### 4. Smart Service Board

The company focuses on infrastructure construction in the mobile Internet 5G era, providing integrated and customized services in planning, design, construction, operation and maintenance of intelligent network engineering and data centers and related products, and possesses capabilities in the field of cloud services and big data business, capable of providing 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. solutions.

The segment companies include: data technology and technology services. Data Technology provides customers with customized service solutions including module customization, area closure, transmission networking, and operation and maintenance outsourcing, etc. The data centers it constructs can serve various types of large corporate customers, providing customers with a full range of services including network, transmission, and public cloud connectivity. Technical services are based on independent innovation of IoT intelligence

With the advantages of energy control platform and terminal products, the company focuses on the core of big data service platform products and provides smart IOT overall solutions in the fields of smart park, smart building, smart lighting and data center, and unites with industry chain enterprises to jointly provide one-stop services for terminal customers. During the reporting period, the Company established the New Infrastructure Business Division in response to the development trend of technological innovation to promote a faster and better layout of new infrastructure and digital industry.

### III. Analysis of core competencies

#### 1. Competitiveness of the industry

Based on the optical communication field, the company has developed four business segments, namely, cable manufacturing, optoelectronic manufacturing, technology integration and intelligent services, based on maintaining its market position in the optical fiber and cable industry and seeking new opportunities in the field of "new infrastructure", forming a diversified industrial pattern with complementary advantages and reliance on each other.

The company has been cultivating in the optical communication industry for more than 30 years and has a stable industry position, and the brand of "Tefa Information" has become a well-known brand in the field of R&D and production of optical fiber and cable products in China. In 2021, 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 Transmission and Network

The company has been honored as one of the "Top 10 Power Enterprises", with power optical cable and indoor optical cable ranking among the top four in the industry.

The optical manufacturing business segment continues to promote the transfer of scientific research results to industrialization, leveraging the strength of all parties to enhance industrial competitiveness through multiple channels; Sichuan Huatuo's technology and innovation in the development and production of optical components has certain industry influence.



Chengdu Fuliye's traditional military supporting products have a solid foundation, new product development in an orderly manner, the formation of the results of transformation; Chengdu Fuliye is deeply involved in the military mobile communication terminal business, satellite communications, in addition to providing Tiantong-1 satellite mobile communication terminal, but also launched a multi-channel satellite communication signal demodulator. Shenzhou Feiyang has rich experience in 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.; participate in the UAV flight control system, airborne fire control computer, guidance and control integrated computer, bullet computer, bullet data acquisition and recording equipment, equipment test system and many other key models He is also involved in the development of several key models, such as UAV flight control system, airborne fire control computer, integrated guidance and control computer, ballistic computer, ballistic data acquisition and recording equipment, and equipment test system.

After completing the second phase of the Pengcheng Cloud Brain project, the company's wisdom service segment won the bid for the general contracting project of the Zhongyuan Artificial Intelligence Computing Center project in Xuchang City, and has completed a number of enterprise wisdom projects, gradually refining the comprehensive ability of the business team in the course of the project and laying the foundation for the subsequent expansion of new business.

## 2. Production and management capacity

The Company promoted business-oriented organizational restructuring, improved organizational operational efficiency, continued to implement lean management, rationalized resource allocation and improved production and operational efficiency by means of information-based management. We actively develop new products and explore new fields, focus on the mutual integration and outward extension of industrial chain resources, expand the scale of industry in an orderly manner, broaden the product range, and show the overall effect of the production and operation system.

The Company's cable manufacturing segment has large production bases in Guangdong, Sichuan, Jiangsu, Shandong and Chongqing to enhance production capacity synergy, strengthen the ability to respond quickly to the market and reduce material transportation costs. The Company has formed an integrated fiber and cable industry pattern of a certain scale through production expansion and upgrading, maintaining the industry level of the Company's cable manufacturing segment. The Company's optoelectronic manufacturing segment continued to carry out intelligent transformation and continuously improved the quality and efficiency of its product supply system. Sichuan Hua

By virtue of its rich experience and technological innovation capabilities accumulated in the research and development and production of optical components, TOP has developed a certain competitive potential in both domestic and international markets.

While strengthening its advantages in niche areas, the technology fusion segment integrates technology and customer resources, realizes synergy and flow of resources on the company's military product platform through custom development and other means, guides the transformation of military products to civilian use, and expands the overall synergy effect of the company's technology fusion segment.

In terms of intelligent services, the Company has strengthened the integration of internal resources, explored diverse technical solutions for 5G carrier optical modules, and provided customized 5G forwarding solutions for carrier customers; the Company has independently developed PON+IPTV/OTT network product solutions, which integrate high scalability, high capacity and fiber-to-the-home features to provide operators with highly reliable network services and meet the needs of diverse user application scenarios.

### 3. Technology research and development capabilities

The company is one of the first national high-tech enterprises in Shenzhen, and is one of the formulators of many national standards, industry standards and national military standards in the fiber and cable industry. The second is the research and development direction of embedded high-speed signal acquisition, processing and storage technology, multi-objective 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, measurement and control ground station data chain system, etc. The research and development direction of informationization and localization of equipment such as system. We can provide one-stop professional and comprehensive solutions in many fields such as optical transmission solutions, power communication solutions, transmission line intelligent inspection system solutions, smart park solutions, data center solutions, high performance computing solutions, measurement and control/simulation 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, ~~three~~ provincial engineering technology research centers (fiber optic cable, big data transmission network, optical communication device intelligent manufacturing and testing) ~~five~~ municipal-level enterprise technology centers, two "small giant" enterprises and a CNAS-certified testing center. The company has formed a three-dimensional science and technology innovation carrier, which creates a good environment for the company to implement R&D activities, gather and cultivate scientific talents, and carry out technical exchanges. "A complete and progressive technology innovation carrier platform of "R&D + Incubation + Acceleration + Industrialization

Continuous optimization.

As a national technology innovation demonstration enterprise, by the end of 2021, the company had obtained a total of 521 patents, including invention patents 88 items. The company and its subsidiaries Fiber Optic Company, Optical Network Technology, Photoelectric Company, Tefa Dongzhi, Chengdu Fourier, Shenzhou Feixiang, Tefa Huayin, Sichuan Huatuo, Tefa Light Source and Chongqing Optical Cable 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 cooperative relationships with many domestic leading enterprises in the field of communication equipment, maintains good We have maintained good cooperation with many domestic leading enterprises in the field of communication equipment, and have good brand advantages and reputation in the industry.

During the reporting period, the Company developed a series of products and services with characteristics of optical communication industry chain in response to the characteristics of 5G high density, wide coverage and extensive application scenarios. With the continuous in-depth cooperation with a number of head Internet vendors in data business and the accumulation of project experience in the fields of smart park, smart construction and smart community, the Company has realized the transformation to a comprehensive solution provider of integrated cabling engineering projects and continuously expanded influence in the market of wisdom service business. Chengdu Fuliye military supporting business to maintain the original market advantage at the same time, and actively implement the market transformation of scientific research results. Shenzhou Feixiang's excellent military industrial computer and embedded computer, military bus R & D design capabilities, has formed a variety of bulk procurement of fist

products. The combination of products and services of SHINZHOU FEIANG and Chengdu Fourier can be used in the same military product platform, to collaborate with customers' system requirements and form a mutual market support.

The company has actively laid out overseas markets, established a professional marketing network for the world, and built a sales and service system in more than 40 countries and regions around the world, with products exported to Europe, America, the Middle East, Asia, Africa, Australia and many other countries and regions. At the same time, the company has steadily implemented the localization of overseas sales by setting up factories in Vietnam, India and other countries in an orderly manner.

#### IV. Analysis of main business

##### 1. Overview

In 2021, our economy faces macroeconomic pressures such as demand contraction, supply shocks, and weakening expectations. The economy is recovering less than expected due to the constant recurrence of epidemics, energy crisis and other force majeure factors. The fiber and cable industry is still facing overcapacity and order prices are at historically low levels. The substantial increase in commodity prices has led to higher raw material prices, higher operating costs and extremely unstable supply cycles. The supply of major raw materials and electronic chips and imported devices for fiber and cable has been severely affected, putting tremendous pressure on the Company's operational efficiency, product delivery schedule, cost levels and profit margins.

In the face of the severe external environment, the company stabilized its market share of traditional fiber cable and vigorously expanded its access equipment, optical modules and technology

The company is also striving to transform itself into an "integrated product, solution and implementation service provider" and to develop new strategic development space in the data center business and smart campus construction.

The Company's revenue for 2021 was RMB 459,084,000, a decrease of 2.79% year-on-year; total profit was a loss of RMB 60,900,000.

decreased by RMB724.53 million compared with the same period of the previous year; net profit loss of RMB602.18 million, decreased by RMB660.49 million compared with the same period of the previous year. Attributable to

The net profit loss of RMB618.45 million in the parent company was RMB629.90 million lower than that of the corresponding period of the previous year. The decrease in total profit was mainly due to (1) the disposal of a wholly-owned subsidiary, Shenzhen Tefa Dongzhi Technology Company Limited, due to a large asset impairment arising from the poor operation of the original shareholders during the betting period. (2) The cable segment was affected by the low settlement price of the old collection framework, resulting in a large loss. Other main bodies of the Company will have stable operating conditions in 2021 and maintain a good development trend.

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

- (1) No let-up in epidemic prevention and control to create a good production and business environment

The company attaches great importance to epidemic prevention and control, effectively fulfills the main responsibility of epidemic prevention and control, insists on actively implementing the government's epidemic prevention arrangements, doing a good job in monitoring, investigating and publicizing the epidemic in business premises, and constructs a strict line of defense for group prevention and treatment. The company's stable development has created a good environment for epidemic prevention.

- (2) Stable operation to promote the market, pay close attention to the main business strategy to execute the cable segment

In the carrier market, we implemented the strategy of one single policy and

flexible order control for the surviving orders, and at the same time made every effort to strive for high-quality orders in the carrier market, achieving better results and laying a good foundation for the collection and bidding work in 2022.

Power market, efforts to do a good job in the collection and bidding work, focusing on improving market share and industry awareness. The company's power fiber optic cable in 2021 in the State Grid headquarters collection project, the Southern Power Grid framework bidding project, as well as fiber optic cable products China Tower collection, have achieved better results. Tefa Huayin conductor products made a historic breakthrough in the State Grid collection project. The company provided OPGW optical cable products for the "Belt and Road" key project of China-Lao railway construction project; grasped the opportunity of UHV construction and won the bid for the core project of "West-East Power Transmission" - The company also seized the opportunity of ultra-high voltage construction and won the tender for the core project of "West-East Power Transmission", namely, Baihetan-Jiangsu and Zhejiang, with a winning amount of nearly RMB 100 million.

Overseas market, continue to strengthen cooperation with existing customers, and successfully expand a number of overseas markets. We actively exerted the value of the deployment of Lightnet's Vietnam factory to achieve large-scale supply of fiber optic cables; completed the delivery and return of products for key projects of Laos power grid under the environment that the epidemic severely affected the overseas business expansion; passed the factory certification of skin cable in Thailand market for the first time and obtained orders for skin cable.

New products and new markets, unified planning, collaborative operations, and strive for new business and strategic new products continued to invest. Comprehensive cabling business multi-dimensional continued to expand, winning bids for cloud computing data center comprehensive cabling construction service projects for head Internet vendors; exclusive winning bids for customers' domestic comprehensive cabling business in Hong Kong, Japan and Korea regions; online monitoring projects with the State Grid and Southern Power Grid backbone enterprises

The company has reached strategic cooperation intentions and won bids in Hubei, Hunan, Guizhou, Guangdong and many other places. Technology integration segment

The key R&D projects in the Science and Technology Integration segment have been transformed into R&D results. Chengdu Fourier multi-target telemetry system project and related derivative products, Shenzhou Feiyang VPX architecture computer and flight control computer project, etc., have signed supply contracts. Chengdu Fourier and Shenzhou Flight to carry out technical cooperation, and jointly won the tender for the "multi-system satellite demodulation equipment" project.

The company has been actively involved in the bidding of satellite communication field with the help of the stage research and development results of "intelligent xxxx system for communication satellite", and the partial delivery products of the project have been tested on the customer's side. 2021 Shenzhou Feiyang Total profit will continue to grow.

#### Smart Services Segment

In terms of government business, we won the bid for the general contracting project of the Zhongyuan Artificial Intelligence Computing Center project in Xuchang City, with the winning bid amounting to RMB 427 million, and the project has already been implemented.

As for corporate projects, we completed the overall acceptance of the Smart Xiaomesha and Oceanarium top-level consulting and design projects, won the tender for the Smart Park project of Magitech, and successfully signed contracts with Ping An International Smart City Company, China Telecom Integration Company and the Second People's Hospital of Chengdu City. The smart set-top box own solution and brand business achieved better winning results in the broadcasting market.

#### Photovoltaic Manufacturing Segment

Since 2021, the company has sent a core team to take over the overall management of Tefa Dongzhi. After joint efforts, Tefa Dongzhi's production and operation The status gradually recovered, winning the bid for the IOT smart home gateway project of China Mobile for 135 million yuan; winning the bid for the set-top box project of Guangdong Radio and Television and other 5 provincial radio and



television stations. In 2021, Tefa Dongzhi's contracted orders increased by 137% over the same period of the previous year and its output increased by 90% over the same period of the previous year, resulting in significant loss reduction in business operation.

Optical Network Technology's targeted customer 5G fiber optic cable, has achieved overseas certification qualified, is expected to achieve delivery in 2022; participation in a number of Internet providers in 2021 tender to achieve the desired share, can be expected to achieve revenue in 2022.

While maintaining its performance, Sichuan Huatuo accelerated the development and production of high-end products. 25G Tunable products were shipped in volume, and two self-developed optical device projects were in small volume trial production or volume trial production respectively. During the reporting period, Sichuan Huatuo received orders from a number of internationally renowned manufacturers.

(3) Steady progress of key projects to build up strategic development strength

In March and October 2021, the Company issued corporate bonds totaling RMB800 million in two tranches for professional investors, which broadened the Company's financing channels, optimized the Company's short-term and medium- to long-term debt structure, and enhanced the Company's anti-risk capability.

The project of demolition and redevelopment of the Longhua site has obtained the prequalification letter of the design scheme from the competent authority and is refining the design scheme

and construction drawing design in preparation for obtaining planning permission approval for the project. The Xi'an Data Center construction project is under construction.

Sichuan Huatuo completed the 25G Tunable production investment project, and the products passed the sample test by customers; Jiangyou production expansion project, the registration of the wholly-owned subsidiary has been completed, and plant renovation is underway.

Divine Flight has completed the relocation of its plant and put it into normal use.

Tefa Huayin has successfully bid for the land plant and the relevant properties have been handed over smoothly, and is currently carrying out adaptation construction before relocation to prepare conditions for smooth relocation.

The fiber optic capacity expansion project in Dongguan Liaobu Industrial Park has been officially put into production.

#### (4) Enhancing innovation and R&D capabilities and strengthening the overall strength of innovation carriers

The company strengthened the work coordination, industry dynamics analysis and industry chain cross-field expansion capability of each unit in the innovation carrier. Chengdu Fourier and Sichuan Huatuo were awarded the title of "Small Giant"; Sichuan Huatuo was awarded the title of "Optical Communication Device" in Sichuan Province.

The Intelligent Manufacturing and Testing Engineering Technology Research Center was recognized; Lightnet was selected as one of the "National Enterprise Standard 'Leaders'" in 2021.

#### (5) Lean production to reduce costs and increase efficiency and strengthen the foundation of production and operation

The company optimized the production structure, improved production efficiency and reduced manufacturing costs through peer-to-peer learning; it continued to promote lean production projects, carried out 6S, TPM, TQM and other work, and continuously strengthened lean thinking. The scheduling platform of the manufacturing center was put into use, which improved the scheduling

efficiency by 30%. In addition to taking active supply chain measures, the Company also dug deeper into its internal potential to effectively implement savings or substitution of some raw materials to absorb part of the pressure of rising raw material prices through various cost reduction and efficiency measures.

(6) Strengthening the culture of party building and discipline inspection

The Party Committee of the company took the celebration of the 100th anniversary of the founding of the Communist Party of China as an opportunity to carry out solid learning and education on the history of the Party and party building work in state-owned enterprises.

The company has been working on a series of "look-back" projects, studying the spirit of General Secretary Xi's speech at the 100th anniversary of the founding of the Party and the spirit of the Sixth Plenary Session of the 19th Central Committee, continuously strengthening the foundation of Party building and enhancing the vitality of Party building.

The company carried out cultural activities such as "Tefa Story", "Dreaming for the 14th Five-Year Plan" and "Mission and Vision Pass", which achieved a good response.

In July 2021, Henan was hit by extreme heavy rainfall, which caused extensive power outage and service withdrawal of communication base stations in many areas and damaged many communication cables. In December 2021, the company carried out a project to support the "consolidation of poverty alleviation and poverty prevention monitoring" and the Taihu Lake Area Leisure Experience in the central community of Tianda. Support for the "agricultural complex" project.

## 2. Revenue and costs

### (1) Composition of operating income

Unit: \$

	2021		2020		Year-on-year increase or decrease
	sum of money	Share of operating income	sum of money	Share of operating income	
Total operating income	4,590,838,502.20	100%	4,722,428,257.52	100%	-2.79%
subsector					
Communications and related equipment manufacturing	4,480,763,438.70	97.60%	4,628,353,896.47	97.52%	-3.19%
Property leasing	110,075,063.50	2.40%	94,074,361.05	2.48%	17.01%
sub-product					
Fiber optic cable sales	1,490,256,999.12	32.46%	1,372,346,303.06	29.06%	8.59%
Sales of communications equipment	1,159,879,039.98	25.27%	1,524,898,793.08	32.29%	-23.94%
Sales of electronic equipment	427,272,007.78	9.31%	406,013,416.18	8.60%	5.24%
Smart Services	1,329,120,303.63	28.95%	1,275,962,780.53	27.02%	4.17%
Property leasing	110,075,063.50	2.40%	94,074,361.05	1.99%	17.01%
Sales of materials and others	74,235,088.19	1.62%	49,132,603.62	1.04%	51.09%
sub-region					
Mainland	4,095,433,960.02	89.21%	4,201,768,540.84	88.58%	-2.53%
overseas	495,404,542.18	10.79%	520,659,716.68	11.42%	-4.85%
Sub-sales model					
direct marketing	4,590,838,502.20	100.00%	4,722,428,257.52	100.00%	-2.79%

### (2) Industries, products, regions, and sales patterns that account for more than 10% of the company's operating revenue or operating profit

√ Applicable □

Not applicable

Unit: \$

	revenues	operating costs	gross margin	Increase or decrease in operating income over	Increase or decrease in operating costs over	Increase or decrease in gross
--	----------	-----------------	--------------	---	--	-------------------------------

				the same period of the previous year	the same period of the previous year	margin over the same period of the previous year
subsector						
Communications and related equipment manufacturing	4,406,528,350.51	4,048,479,603.99	8.13%	-3.77%	7.80%	-9.08%
Property leasing	110,075,063.50	44,918,095.79	59.19%	17.01%	-1.27%	-3.20%
sub-product						
Fiber optic cable sales	1,490,256,999.12	1,542,877,820.78	-3.53%	8.59%	44.42%	-25.68%
Sales of communications equipment	1,159,879,039.98	1,085,429,843.44	6.42%	-23.94%	-20.09%	-4.50%

Sales of electronic equipment	427,272,007.78	227,569,458.88	46.74%	5.24%	26.10%	-8.81%
Smart Services	1,329,120,303.63	1,192,602,480.89	10.27%	4.17%	3.86%	0.27%
Property leasing	110,075,063.50	44,918,095.79	59.19%	17.01%	-1.27%	7.55%
sub-region						
Mainland	4,021,198,871.83	3,703,571,866.99	7.90%	-3.17%	8.07%	-10.47%
overseas	495,404,542.18	389,825,832.79	21.31%	-4.85%	4.27%	3.24%
Sub-sales model						
direct marketing	4,516,603,414.01	4,093,397,699.78	9.37%	-3.35%	7.69%	-9.30%

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

☐ Applicable ☒ Not applicable

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

☒ Yes ☐ No

Industry Classification	sports event	unit	2021	2020	Year-on-year increase or decrease
fiber optic cable	sales volume	Core kilometers	21,144,095	16,455,204	28.49%
	production volume	Core kilometers	21,025,448	17,739,147	18.53%
	stockpile	Core kilometers	4,207,471	4,326,119	-2.74%
communications equipment	sales volume	sheath	29,575,237	31,919,774	-7.35%
	production volume	sheath	27,988,766	34,405,823	-18.65%
	stockpile	sheath	6,923,780	8,510,251	-18.64%
Electronic equipment	sales volume	sheath	26,936	33,833	-20.39%
	production volume	sheath	36,366	26,997	34.70%
	stockpile	sheath	12,729	3,299	285.84%

---

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

☒ Applicable ☐ Not applicable

The main reason for the year-over-year change in production and inventory of electronic equipment: This is because the electronic equipment segment is not comparable to the current year in terms of product specifications, performance and price.

**(4) Performance of material sales contracts and material purchase contracts entered into by the Company up to the reporting period**

☒ Applicable ☐ Not applicable

Performance of significant sales contracts entered into up to the current reporting period

√ Applicable □

Not applicable

Unit: million

Subject of contract	party on the other side	Total contract amount	Total amount fulfilled	Amount performed during the reporting period	Amount to be performed	Regularity of performance	Statement of irregular performance of contracts	Amount of sales revenue recognized during the period and cumulatively	Recovery of accounts receivable
Pengcheng Cloud Brain II Extension Project Information Technology Project Phase I	Pengcheng Laboratory	249,707	249,707	100,128.21	0	be		257,918.62	57,182.27
Central Plains Artificial Intelligence Computing Center Project	Xuchang Kunpeng Artificial Intelligence Computing Co.	42,717.78	39,722.92	39,722.92	2,904.13	be			

Significant deviations in the progress of a major contract from the contractual agreement that affect more than 30 per cent of the contract amount

□ Applicable √ Not applicable

Performance of significant procurement contracts entered into as at the current reporting period

□ Applicable √ Not applicable

#### (5) Operating cost components

Industry  
Classifi  
cation

Unit: \$

Industry Classification	sports event	2021		2020		Year-on-year increase or
		sum of money	Share of operating costs	sum of money	Share of operating costs	



						decrease
Communications and related equipment manufacturing	raw materials	3,456,172,802.16	84.98%	3,261,180,227.88	84.92%	0.07%
Communications and related equipment manufacturing	labor remuneration	167,389,049.36	4.12%	157,775,930.67	4.11%	0.01%
Communications and related equipment manufacturing	depreciable	56,293,460.02	1.38%	53,286,715.41	1.39%	0.00%
Communications and related equipment manufacturing	energy	30,103,355.76	0.74%	28,404,965.32	0.74%	0.00%
Communications and related equipment manufacturing	other	311,967,326.06	7.67%	294,366,553.33	7.66%	0.01%
Property leasing	Cost of utilities	6,541,934.59	0.16%	6,626,026.72	0.17%	-0.01%
Property leasing	labour remuneration	3,279,647.10	0.08%	3,321,804.74	0.09%	-0.01%
Property leasing	depreciation and amortization	24,149,282.83	0.59%	24,459,705.46	0.64%	-0.04%
Property leasing	other	10,947,231.27	0.27%	11,087,950.49	0.29%	-0.02%

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

☒ Yes ☐ No

(1) From November 12, 2020 to December 09, 2020, the Company transferred 20.4% equity interest in its holding company, Tefatec, by public listing on 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 Beijing Hongshan Information Technology Research Institute Company Limited (hereinafter referred to as "Hongshan Information") as the transferee of the listing transaction. Country

Contract for the Transfer of Property Rights", the amount of the equity transfer transaction is RMB 21,904,000, and issued by Shenzhen United Property Rights Exchange

The Certificate of Title Transaction was issued. The above-mentioned amount of equity transfer was transferred to the Company's account on 29 December 2020.

On January 18, 2021, Tefatec adopted an amendment to its articles of incorporation. on January 29, 2021, Tefatec completed the change of business information, and the Company's shareholding in Tefatec was reduced from 51.0% to 30.6%, and Tefatec was no longer included in the Company's consolidated financial statements.

(2) On November 12, 2021, the Company established a new controlling grandchild, Sichuan Hualing Photonics Technology Company Limited; July 2021

Ltd. was newly established on 21 January 2012, therefore, the above-mentioned subsidiary was included in the scope of consolidation for the current period.

(3) On February 23, 2021, the Company cancelled its controlling grandchild, Shenzhen YuYi Information Technology Company Limited, and therefore, this controlling grandchild was not included in the scope of consolidation during the period.

**(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**

The company's main sales customers

Top five customers combined sales amount (\$)	Annual Report 2021	1,667,163,904.49
Top five customers' combined sales as a percentage of total annual sales		36.32%
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	946,662,821.00	20.62%
2	Client Two	356,567,255.55	7.77%
3	Client Three	204,100,893.45	4.45%
4	Client IV	92,953,738.00	2.02%

5	Client V	66,879,196.49	1.46%
add up the total	--	1,667,163,904.49	36.32%

Other description of major clients

☐ Applicable ☒ Not applicable

Not applicable

Top five suppliers combined procurement amount (\$)	564,959,616.19
Top five suppliers combined as a percentage of total annual purchases	18.92%
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	159,229,549.83	5.33%
2	Supplier II	129,261,351.95	4.33%
3	Supplier III	117,821,760.07	3.95%
4	Supplier IV	83,794,739.58	2.81%
5	Supplier V	74,852,214.77	2.51%
add up the total	--	564,959,616.19	18.92%

Other information on major suppliers

☐ Applicable ☒ Not applicable

### 3. Costs

Unit: \$

	2021	2020	Year-on-year increase or decrease	Explanation of significant changes
Cost of sales	101,550,398.20	156,787,923.17	-35.23%	Freight costs were adjusted to the main operating costs in accordance with the new revenue guidelines during the year
Overheads	134,928,726.13	140,990,955.81	-4.30%	
financial cost	127,590,351.61	133,526,966.91	-4.45%	

Research and development costs	252,564,159.54	224,230,685.07	Annual Report 2021 12.64%	
--------------------------------	----------------	----------------	------------------------------	--

#### 4. R&D inputs

☒ Applicable ☐ Not applicable

Name of major R&D projects	Purpose of the project	Project progress	Objectives to be achieved	Expected impact on the future development of the company
400G SR8 Optical Module	Video, AI, gaming and other high flow	(1) Completed by 30 January	Expected accomplishment: 400G SR8 module	With this project as an opportunity, our company established

sports event	<p>Rapid growth in volume business, under</p> <p>A generation of high-capacity data centers is on the rise, with 400G optical modules becoming the next generation of data center key technologies; project specific</p> <p>Purpose: Current data centre rack</p> <p>Top and Backbone Switches</p> <p>Fiber optic interconnect optical transceiver modules</p> <p>Design specific requirements: 400 Gbps</p> <p>Data transmission, transmission distance</p> <p>MMF OM4 100 m (with (FEC) Product specific features (performance):</p> <p>Optical modules comply with IEEE</p> <p>Indicator requirements of the agreement</p>	<p>Development and EVT testing completed on time; 2)</p> <p>Development and EVT testing completed by May 30, completed on time 3) Small volume trial production and DVT testing completed by September 30, completed on time 4) Medium volume production completed by December 30, completed on time</p>	<p>Development as an opportunity to establish and improve my</p> <p>Division optical device platform, high-speed signal device</p> <p>The PAM4 optical module is a platform for the automation of the production of optical modules.</p> <p>production platform, while driving 400G DR4</p> <p>Project development to catch up with the best in the industry level of optical module development/production</p>	<p>and improve a high-speed optical module development team, in optical device platforms, high-speed</p> <p>Signal design/test platform, thermal simulation /design platform, PAM4 optical module automation production platform, etc. have a long</p> <p>The development of the 400G system has been fully implemented.</p> <p>Multi-product R&amp;D capabilities; through</p> <p>The project, 400G SR8, has mass production</p> <p>capability to provide our company with the first high-end</p> <p>Optical modules to tap into the data center market</p> <p>We offer competitive products to large customers.</p> <p>products, which are expected to bring in significant sales when the market breaks through in the future.</p>
--------------	---	--	---	---

### Company R&D personnel

	2021	2020	Percentage change
Number of R&D staff (persons)	539	628	-14.17%
Number of R&D staff as a percentage	19.22%	18.36%	0.86%
Educational structure of R&D staff	--	--	--
undergraduate (adjective)	380	424	-10.38%
bachelor's degree	40	45	-11.11%
Age composition of R&D staff	--	--	--

Under 30 years of age	256	Annual Report 2021 310	-17.42%
30~40 years old	208	230	-9.57%

## Company R&amp;D investment

	2021	2020	Percentage change
Amount of R&D investment (yuan)	301,318,564.59	262,276,483.64	14.89%
R&D investment as a percentage of operating revenue	6.56%	5.55%	1.01%
Amount of R&D inputs capitalized (\$)	10,708,606.48	38,045,798.57	-71.85%
Capitalized R&D investment as a percentage of R&D investment	3.55%	14.51%	-10.96%

Reasons for and effects of significant changes in the composition of the company's research and development staff

☐ Applicable ☒ Not applicable

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	2021	2020	Year-on-year increase or decrease
Subtotal cash inflow from operating activities	4,139,389,663.83	6,325,204,341.10	-34.56%
Subtotal cash outflow from operating activities	4,717,120,812.06	6,260,452,387.84	-24.65%
Net cash flows from operating activities	-577,731,148.23	64,751,953.26	-992.22%
Subtotal cash inflows from investing activities	1,639,613,545.12	802,293,911.51	109.42%
Subtotal cash outflows from investing activities	2,005,301,270.90	925,657,552.14	121.01%
Net cash flows from investing activities	-365,687,725.78	-123,363,640.63	-196.43%
Subtotal cash inflow from financing activities	3,232,925,793.51	4,697,015,451.37	-31.17%
Subtotal cash outflows from financing activities	3,434,751,639.51	2,451,059,895.07	40.13%
Net cash flows from financing activities	-201,825,846.00	2,245,955,556.30	-108.99%
Net increase in cash and cash equivalents	-1,147,145,091.15	2,181,792,753.29	-152.58%

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

☒ Applicable ☐ Not applicable

Net cash flow from operating activities for the period decreased year-on-year: mainly due to the non-fulfillment of the annual repayment terms of the Centaline Artificial Intelligence Computing Center project and the due release of notes payable of the Pengcheng Cloud Brain project.

The net cash flow from investing activities for the period decreased year-on-year: mainly due to the payment for the construction of the Smart City Creative Exhibition Base and the purchase of plant.

Net cash flow from financing activities for the period decreased year-on-year: mainly due to the return of loans for the financing of the Pengcheng Cloud Brain project during the period. Explanation of the reasons for the significant



difference between the net cash flow from operating activities and the net profit of the Company for the year during the reporting period

☐ Applicable ☒

Not applicable ☒.

#### 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	41,960,809.66		Gain on long-term equity investments accounted for under the equity method and gain on purchase of bank financial products	deny
Gains and losses from changes in fair value				deny

impairment of assets	-422,249,468.09		Provision for decline in value of inventories	deny
Non-operating income	5,705,785.29			deny
non-operating expenses	9,902,874.36			deny
Other gains	39,760,783.20		Mainly government grants	deny
credit impairment	-141,903,678.78		Provision for bad debts	deny
Gain on disposal of assets	145,237.98			deny

## VI. Analysis of the status of assets and liabilities

### 1. Significant changes in the composition of assets

Unit: \$

	End of 2021		Early 2021		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	1,818,051,782.04	21.84%	3,005,503,023.74	29.80%	-7.96%	This was mainly due to the repayment of a loan of RMB1,293 million for the Pengcheng Cloud Brain project.
Accounts receivable	2,065,442,210.26	24.81%	1,643,539,855.05	16.30%	8.51%	This is mainly due to the recognition of revenue of \$397 million from the Centaline Artificial Intelligence Computing Centre project in the current period which has not been accounted for.
Contractual assets		0.00%		0.00%	0.00%	
inventory	942,419,515.15	11.32%	2,217,573,544.25	21.99%	-10.67%	Resulting from the disposal of Dongzhi's inventory and the carry forward of the cost of the Pengcheng Cloud Brain project.
Investment property	335,325,850.45	4.03%	353,451,515.06	3.50%	0.53%	
Long-term equity investments	86,841,727.47	1.04%	62,670,833.05	0.62%	0.42%	
fixed assets	512,580,840.80	6.16%	563,351,115.48	5.59%	0.57%	
Construction in progress	529,014,262.68	6.36%	348,491,672.17	3.46%	2.90%	
Right-to-use assets	174,896,537.38	2.10%	121,321,495.24	1.20%	0.90%	

short term loan	1,644,274,139.67	19.75%	2,841,225,092.90	28.17%	Annual Report 2021 -8.42%	Repayment of loan for Pengcheng Cloud Brain project and optimization of long and short term loan structure
Contractual liabilities	78,423,693.31	0.94%	631,232,797.67	6.26%	-5.32%	Recognition of revenue from the Pengcheng Cloud Brain project on a progress basis
Long-term loans	915,971,408.48	11.00%	511,565,532.94	5.07%	5.93%	Optimization of long and short term loan structures
Lease liabilities	143,338,180.10	1.72%	97,796,839.23	0.97%	0.75%	

Higher proportion of offshore assets

☐ Applicable ☒ Not applicable

## 2. Assets and liabilities measured at fair value

☐ Applicable ☒ Not applicable

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

Assets	Carrying value at the end of the period	Reason for restriction
monetary funds	56,265,617.21	Frozen funds, banker's acceptances deposits, bond bonds, performance bonds
intangible asset	36,114,445.50	Borrowing against land use rights
add up the total	92,380,062.71	

## VII. Analysis of the investment situation

### 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
259,360,458.72	192,186,183.60	34.95 per cent

### 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

Unit: \$

Project name	Investment approach	Is it a fixed asset investment	Investment projects in industries	Amount of inputs for the reporting period	Cumulative amount actually invested as at the end of the reporting period	Source of funding	Project Progress	Projected benefits	Cumulative realized gains as at the end of the reporting period	Reasons for not meeting planned progress and projected benefits	Date of disclosure (if any)	Disclosure Index (if any)

Shenzhen Tefa Information Company Limited Full												
Annual Report 2021												
Use of land reserved for industrial development to build fiber optic plants	self-built	be	Communications and related equipment manufacturing		61,635,851.92	Self-financing plus corporate bonds	98.00%	0.00		Outbreak affects progress of equipment commissioning	2016 14 December sun	Economic Benefit Analysis of the Plant Construction Project and Fiber Optic Capacity Construction Project of the Company and Shenzhen Tefa Information Fiber Co.
Fiber Optic Company Fiber Optic	self-built	be	Communications and related equipment	234,168.94	110,075,132.09	Self-financing plus corporate bonds	95.00%	0.00		Equipment affected by the outbreak	2016 14 December	The Company and Shenzhen Tefa

Production capacity expansion			Spare parts manufacturing			deed (i. e. title deeds)				Commissioning progress, technical training	sun	Information Fiber Limited Plant Construction Project and Fiber Optic Capacity Construction Project Economic Benefit Score Analysis
Tefa Dongzhi Expansion and Production Line Intelligent Upgrade Project	self-built	be	Communications and related equipment manufacturing	2,136,176.04	48,699,676.64	Self-financing plus corporate bonds	31.72%	0.00		Changes in the external environment, technological upgrades	2018 24 November sun	Feasibility Study Report on the Use of Funds Raised from the Public Issue of A-Share Convertible Bonds by Shenzhen Tefa Information Co. (Second revision) (Revised Draft)

Shenzhen Tefa Information Company Limited Full												
Annual Report 2021												
Chengdu Fourier measur ement and contro l ground statio n data chain system projec t	self- built	deny	Commun icatio ns and relate d equipm ent manufa cturin g	8,460,175.00	44,670,304.11	Self-financ ing plus corpor ate bonds	48.58%	0.00		not applicab le	2018 24 November sun	Feasibili ty Study Report on the Use of Funds Raised from the Public Issue of A-Share Convertib le Bonds by Shenzhen Tefa Informati on Co. (Second revision) (Revised Draft)
Tefa Inform ation and Data Techno logy Co., Ltd. Smart City Creati on and Exhibi tion Base Constr uction Projec t	self- built	be	Softwa re and inform ation techno logy servic es	133,541,440.74	319,912,665.22	Self-financ ing plus corpor ate bonds	80.00%	0.00		The epidemic has affected labour, logistic s, procurem ent and installat ion.	2019 05 May 25 sun	Feasibilit y Study Report on the Use of Funds Raised from the 2019 Public Issue of A-Share Convertibl e Corporate Bonds by Shenzhen Tefa Informatio n Co.

add up the total	--	--	--	144,371, 960.72	584,993, 629.98	--	--	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 deriva tive invest ment operat or	relate dnes s	Whethe r relate d transa ctions	Types of Deriva tives Invest ments	Initia l invest ment amount for deriva tive invest ments	Start date	Expiry date	Amount invest ed at the beginn ing of the period	Amount purcha sed during the report ing period	Amount sold during the report ing period	Amount of provisi on for impairm ent (if any)	Amount invest ed at end of period	Amount of invest ments at the end of the period as a percen tage of the compan y's net assets at the end of the report ing period	Actu al amou nt of gain or loss for the repo rtin g peri od
Changz hou Tefa Huayin Wire & Cable	deny	deny	Aluminum Futures	11,498.8 3	2021 01 Month 01 sun	2021 31 December sun	0	11,498.8 3	10,049.9 4	0	1,419.78	0.56%	-29.79



Co.								Shenzhen Tefa Information Company Limited Full					
								Annual Report 2021					
add up the total				11,498.83	–	–	0	11,498.83	10,049.94	0	1,419.78	0.56%	-29.79
Sources of funding for derivative investments				Self-funded									
Involvement in litigation (if applicable)				not									
Date of disclosure of board announcement for approval of derivative investments (if any)				26 April 2022									
Date of disclosure of announcement of shareholders' meeting for approval of derivative investment (if any)													
Risk analysis of derivative positions and description of control measures for the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)				<p>The cumulative market hedging transactions for January-December 2021 bought 5,625 tonnes of aluminium futures and as at 31 December 2021 had</p> <p>Closed out a position of 4,930 tonnes and held a position of 695 tonnes on 31 December; the hedging loss attributable to the reporting period amounted to \$297,900.</p> <p>Against the backdrop of significant fluctuations in commodity prices in 2021, the Company's hedging personnel, under the premise of strict compliance with the hedging-related system, closely followed the spot market information and international trade situation and carried out hedging operations in accordance with the Company's actual production and operation, effectively hedging the adverse impact of fluctuations in aluminium prices on the gross profit of orders.</p>									
Changes in market prices or product fair values of invested derivatives during the reporting period for derivative				not									

The analysis of the fair value of the product should disclose the specific use methodology and the setting of relevant assumptions and parameters	
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
Special opinion of the independent directors on the company's derivative investment and risk control	not

## 5. Use of funds raised

√ 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	1,059.64	25,195.17	0	0	0.00%	16,744.84	Use of proceeds according to the investment plan	0

Shenzhen Tefa Information Company Limited Full										
	Issuance					Annual	Report 2021		Use of	
2020	of convertible corporate bonds	55,000	13,354.14	41,991.27	0	0	0.00%	13,008.73	proceeds according to the investment plan	0
2021	corporate bonds (finance)	80,000	44,992	44,992	0	0	0.00%	35,008	Use of proceeds according to the investment plan	
add up the total	--	176,940	59,405.78	112,178.44	0	0	0.00%	64,761.57	--	0
Description of the overall use of proceeds										
<p>(i) Basic information on the funds raised from the public issue of convertible bonds in 2018</p> <p>1. Actual amount of funds raised, time of arrival of funds</p> <p>The approval of Shenzhen Tefa Information Company Limited for the public issue of convertible corporate bonds was approved by the China Securities Regulatory Commission (SFC license).</p> <p>(2018] 1627), the Company issued 4,194,000.00 convertible bonds to the registered original shareholders and the public on the Shenzhen Stock Exchange, each with a face value of</p> <p>The total proceeds are RMB419,400,000.00, net of underwriting expenses (including tax) of RMB1,250,800.00, leaving a balance of RMB</p> <p>The actual proceeds raised, after deduction of sponsor's fee, audit fee, attorney's fee 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>The arrival of such proceeds was on 22 November 2018 and the availability of such proceeds has been audited by Ruihua Certified Public Accountants (Special General Partnership) and</p> <p>A capital verification report No. Ruihua Verification No. [2018] 48330007 was issued on 23 November 2018.</p>										

## 2. Amount used during the year and year-end balance

As of December 31, 2021, the Company has used the proceeds in an aggregate amount of RMB251,951,631.30, of which: RMB241,355,280.26 in the previous years and RMB1,975,631.26 in the current year.

Use of \$10,596,351.04, all of which was invested in the fund raising project.

As of December 31, 2021, the Company has used an accumulated amount of RMB 424,466,865.26 and the balance of the special account for fund raising is RMB 172,515,233.96.

The difference of RMB8,923,269.04 from the actual net proceeds of RMB415,543,596.22 represented the net amount of the accumulated interest income from the proceeds after deducting bank charges expenses.

The details are as follows:

1, 2018 accumulated interest income on proceeds net of bank charges expenses of \$136,694.79.

2, 2019 accumulated interest income on the proceeds net of bank charges expenses of \$3,752,717.24.

3 The net amount of accumulated interest income from the proceeds in 2020, net of bank charges expenses, is \$2,204,100.62.

4 The accumulated interest income from the proceeds, net of bank charges expenses, amounted to \$2,829,756.39 in 2021.

(ii) Basic information on the funds raised from the 2020 public offering of convertible bonds

### 1. Actual amount of funds raised, time of arrival of funds

According to the document "證監許可 [2020] No. 1078" issued by the China Securities Regulatory Commission on 4 June 2020, "Approval of the public issue of convertible corporate bonds by Shenzhen Tefa Information Company Limited", Shenzhen Tefa Information Company Limited (hereinafter referred to as (hereinafter referred to as the "Company") is permitted to publicly issue convertible corporate bonds with a total face value of RMB550,000,000.00 to the public for a term of 5 years, net of tax inclusive underwriting fees and sponsorship fees and other non-tax inclusive issuance costs totaling RMB

5,020,754.72 Yuan, raising net proceeds of RMB544,979,245.28 Yuan.

The arrival of the proceeds was on 13 August 2020, and the availability of the proceeds has been audited by Baker Tilly International (Special General Partner).

A capital verification report No. Tianzheng Zi [2020] 34391 was issued on 14 August 2020.

## 2. Amount used during the year and year-end balance

As of December 31, 2021, the Company has used the proceeds in the amount of RMB419,912,665.22, of which: RMB286,371,224.48 in the previous years and RMB2,861,224.48 in the current year.

Use of \$133,541,440.74, all of which was invested in the fund raising project.

As of December 31, 2021, the Company has used an accumulated amount of RMB549,446,278.75 and the balance of the special account for fund raising is RMB129,533,613.53.

The amount of difference from the actual net proceeds of RMB544,979,245.28 was RMB4,467,033.47, representing the net amount of the accumulated interest income from the proceeds after deducting bank charges expenses.

The details are as follows:

1 The net amount of accumulated interest income from the proceeds, net of bank charges expenses, for 2020 is \$1,733,062.18.

2 The accumulated interest income from the proceeds, net of bank charges expenses, amounted to \$2,733,971.29 in 2021.

(iii) Basic information on the funds raised from the public offering of corporate bonds in 2021

### 1. Actual amount of funds raised, time of arrival of funds

(hereinafter referred to as "the Company") to institutional investors among professional investors with a total face value not exceeding RMB1,500,000,000.00. (hereinafter referred to as the "Company") to institutional investors among professional investors with a total nominal value not exceeding

RMB1,500,000,000.00.

The bonds of the Company will be issued by instalments. "Shenzhen Tefa Information Company Limited 2021 Public Issue of Corporate Bonds for Professional Investors (Phase I)" is the first issue under this bond, the issue size of which shall not exceed RMB500,000,000.00 (including RMB500,000,000.00), referred to as "21 Teshin 01", code 149427, with a term of 5 years. The final bonds of this issue

The issue size is RMB100,000,000.00, net of underwriting expenses (including tax) of RMB80,000.00, the net proceeds are RMB99,920,000.00. The

The date of arrival of the proceeds is 29 March 2021.

The issue size of "Shenzhen Tefa Information Company Limited 2021 Public Issue of Corporate Bonds for Professional Investors (Phase II)" shall not exceed RMB 1,000,000,000.00 million (including RMB 1,000,000,000.00). The bond type I is referred to as "21 Teshin 02", bond code 149665, 3-year term, issue size not exceeding RMB300,000,000.00 (including RMB300,000,000.00); type II is referred to as "21 Teshin 03", bond code 149666, 5-year term. The bond code is 149666, 5-year, the issue size is not more than RMB700,000,000.00 (including RMB700,000,000.00), the face value of each bond is RMB100, the issue quantity of Variety 1 is not more than 3 million, and the issue quantity of Variety 2 is not more than 3 million.

The number of Issue II shall not exceed 7,000,000 and the issue price shall be RMB 100 Yuan per issue. The final determination of the issue size of Variety I of the Bonds is RMB300,000,000.00 and Variety

The size of the Second Issue is RMB400,000,000.00, net of underwriting expenses (including tax) of RMB536,480.00, the net proceeds are RMB699,463,520.00.

The date of arrival of the proceeds is October 22, 2021.

## 2. Amount used during the year and year-end balance

As of December 31, 2021, the Company has used RMB 449,920,000.00 of the aggregate proceeds, all of which were invested in the Fund Raising Project.

As of December 31, 2021, the Company has used a cumulative amount of RMB 449,920,000.00, and the balance of the special account for fund raising is RMB 350,810,375.07.

The amount of difference from the actual net proceeds of RMB799,383,520.00 was RMB1,346,855.07, representing the net amount of the accumulated interest income from the proceeds after deducting bank charges expenses.

## (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 of investments as at end of period (3) = (2)/(1)	Date the project reached its intended useable state	Benefits realized during the reporting period	Whether the projected 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 Optical Fiber Expansion Project	deny	20,065	20,065	0	15,858.17	79.03%	2021 12 31 March	0	not applicable	deny
Tefa Dongzhi Expansion and Production Line Intelligent Upgrade Project	deny	14,680	14,680	213.62	4,869.97	33.17%	2021 12 31 March	0	not applicable	deny
Chengdu Fourier measurement and control ground station data chain system project	deny	7,195	7,195	846.02	4,467.03	62.09%	2021 12 31 March	0	not applicable	deny

Shenzhen Tefa Information Company Limited Full										
"Tefa Information Data Technology Co., Ltd. Smart City Creation and Development Base Construction Setting up projects"	deny	45,000	45,000	13,354.14	31,991.27	71.09%	Annual Report 2021 2022 06 30 June	0	not applic able	deny
Supplementary working capital projects	deny	10,000	10,000		10,000	100.00%	12 December 2019 31 March	0	not applic able	deny
Subtotal committed investment projects	--	96,940	96,940	14,413.78	67,186.44	--	--	0	--	--
Investment of superfunds										
not applicable	deny									
add up the total	--	96,940	96,940	14,413.78	67,186.44	--	--	0	--	--
Non-achievement of planned progress or projected benefits and reasons (subdivided into specific items)	<p>On December 29, 2020, the Seventh Thirty-seventh Meeting of the Board of Directors of the Company considered and approved the "Proposal on the Extension of Part of the Fund Raising Investment Projects", agreeing to extend the time for the three fund raising investment projects, namely "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 to extend the time to reach the scheduled useable status of the three fund-raising capital investment projects,namely "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>2. The Company held the Eighth Fifteenth Meeting of the Board of Directors and the Eighth Fourth Meeting of the Supervisory Committee on December 30, 2021, and considered and approved the "Agreement on</p>									

	<p>Proposal to Terminate Part of the Fund Raising Project and Permanently Replenish Working Capital with Remaining Proceeds The remaining proceeds of RMB98,100,300 (including interest income) will be used to permanently supplement the working capital for production and operation activities related to the Company's main business and future industrial layout. Reasons for the termination of the investment project: At the time of the project, the main purpose was to expand the production capacity in response to the demand of the important customers of Tefa Dongzhi and enhance the production efficiency through intelligent upgrading of the production line; at the same time, in order to comply with the policy guidance of intelligent manufacturing, further consolidate the ODM subcontracting capacity, shorten the downtime and thus improve production efficiency, further reduce the loss of major raw materials and improve the product qualification rate. Since the implementation of the project, affected by international trade friction, the spread of the global new crown epidemic, and changes in project conditions and other multiple factors, taking into account the development of the industry and future demand, the company has re-examined and evaluated the fund-raising project, and believes that there is a greater uncertainty for the project to achieve the expected benefits. Tefa Dongzhi Expansion and Production Line Intelligent Upgrade Project".</p> <p>3 The Company held the Eighth Fifteenth Meeting of the Board of Directors and the Eighth Fourth Meeting of the Supervisory Committee on December 30, 2021, considered and passed the "Proposal on the Extension of Part of the Fund Raising Investment Project", agreeing to extend the "Tefa Information Data Technology Co. "The time of reaching the scheduled useable state of the fund-raising investment project</p> <p>Extension to 30 June 2022.</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
	apply



Prior investment and replacement of funds raised for investment projects	<p style="text-align: right;">Annual Report 2021</p> <p>I. Tefa Information Company held the fourth meeting of the Seventh session of the Board of Directors on 13 December 2018 and considered and approved the "On the use of proceeds Proposal to Replace Self-financing Funds Pre-invested in the Fund Raising Project", agreeing that the Company should use RMB 136,870,900,000 to replace self-financing funds pre-invested in the fund raising project.</p> <p>The Company will use RMB 107,773,600 to replace the self-financing funds already invested in the construction of the plant of Tefa Information and the expansion of Tefa Optical Fiber.</p> <p>The self-financing funds of the production project were used to replace the self-financing funds that had been pre-invested in the expansion of production and intelligent upgrade of production line of Tefa Dongzhi with RMB 29,097,300. Ruihua CPA Firm (Special Ordinary 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 the Investment Project of Shenzhen Tefa Information Co.</p> <p>2. Tefa Information Company held the Seventh Thirty-second Meeting of the Board of Directors on August 24, 2020, and considered and approved the "Notice on the Use of Fund Raising Proposal on the Replacement of Self-financing Funds Pre-invested in the Fund Raising Project by the Fund Raising Funds", agreeing to the replacement of self-financing funds pre-invested in the Fund Raising Project by RMB96,290,700,000 using the Fund Raising Funds of the Company. Baker Tilly International Certified Public Accountants (Special General Partner) conducted a special audit on the pre-investment of self-financing funds into the fund-raising project by the Company and issued the "Assurance Report on the Pre-investment of Self-financing Funds into the Fund-raising Project by Shenzhen Tefa Information Company Limited" (Baker Tilly Word [2020] No. 34429) on 17 August 2020.</p>
Temporary replenishment of working capital with idle proceeds	not applicable
Project implementation appears to raise funds	not applicable

Amount of and reasons for the fund balance	
Use and destination of unused proceeds	As at 31 December 2021, the "Tefa Dongzhi Expansion and Intelligent Upgrading of Production Line Project" to be terminated had proceeds of RMB98.103 million uncommitted. In order to improve the efficiency of the use of the proceeds, in accordance with the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange, the Guidelines for the Standard Operation of Listed Companies on the Shenzhen Stock Exchange and the Company's Measures for the Management of Proceeds, the Company intends to permanently replenish the remaining proceeds of RMB98,100,300 (including interest income, subject to the actual amount at the bank on the date of fund transfer) after the termination of the project. The Company intends to use the remaining proceeds of RMB98,100,300 (including interest income, the specific amount is based on the actual bank amount on the date of fund transfer) to permanently replenish the working capital for production and operation activities related to the Company's main business and future industrial layout. The other unused proceeds and interest are deposited in the special account of the Company for proceeds and will continue to be used in accordance with the 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. **VIII. 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

counte rpar ty	Stake sold	sale day	Transa ction price (\$ mil lion)	Net profit contri buted by the equity intere st to the listed compan y from the beginn ing of the period to the date of sale (\$ mil lion)	Impact of the sale on the compan y	Net profit contri buted to the listed compan y from the sale of equity intere sts as a percen tage of total net profit	Princi ples for pricin g equity sales	Whethe r it is a connec ted transa ction	Affili ation with counte rparti es	Whethe r the equity involv ed has been fully transf erred	Whethe r the implem entati on is on schedu le and, if not, why and what measur es the compan y has taken	Date of disc losu re	Disclo sure Inde x
Beijin g Red Mounta in Inform ation Techno logy Resear ch	Shenzh en Tefate c Commun ications	2020 18 December sun	2,109.0 4	264.13	In line with the compan y's strate gic develo pment plan		Valuat ion of assets	deny	not	be	be	2021 01 month 09 sun	Transf er of a Holdin g Compan y

Research Institute Ltd.	Technology Ltd. 20.4% shareholdings				This will have a positive impact on the Company's results. Impact.								Announcement of Progress of Part of the Equity Interests of the Company
-------------------------	-------------------------------------	--	--	--	--	--	--	--	--	--	--	--	---

## IX. 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	1,002,481,709.94	350,813,927.37	902,517,567.29	13,115,305.05	13,305,847.61
Shenzhen Tefa Information Optoelectronics Technology Co.	subsidiary company	industrial production	37,600,000.00	154,177,501.27	76,665,817.96	119,691,136.56	19,037,623.74	17,039,199.27
Sichuan Huatuo Optical Communication Co.	subsidiary company	industrial production	31,467,857.00	348,057,817.89	95,010,479.06	267,904,253.98	17,920,140.54	18,316,648.53

Annual Report 2021								
Shenzhen Tefa Dongzhi Technology Co.	subsidiary company	industrial production	220,000,000.00	746,938,639.24	-951,453,002.30	166,455,398.51	-700,431,158.15	-732,875,145.57
Chengdu Fourier Electronic Technology Co.	subsidiary company	industrial production	53,800,000.00	512,838,903.72	233,579,172.41	157,120,082.57	5,276,471.04	5,000,795.48
Beijing Shenzhou Feiyang Technology Co.	subsidiary company	industrial production	4,285,714.00	486,199,838.15	212,614,433.70	371,999,724.45	45,502,444.86	39,194,620.77

Acquisition and disposal of subsidiaries during the reporting period

☐ Applicable ☒ Not applicable

Description of major holding and equity participation companies

Ltd. was established on April 15, 2004 with a registered capital of RMB 22,000.00 million, and the company

The Company holds 100.00% of its equity interest. The main reason for the loss of Tefa Dongzhi for the period was due to a large impairment charge on assets.

**X. Information on structured entities controlled by the Company**

☐ Applicable ☒ Not applicable

**XI. Outlook for the future development of the company**

**1. Industry**

**pattern and trends**

Although the instability and uncertainty in the operation of the world economy continue to increase, the new round of digitally driven globalization still maintains high growth, and the information infrastructure sector continues to move forward to explore the direction of development and promote economic recovery and prosperity. The new infrastructure construction led by 5G is becoming a new fulcrum for comprehensively constructing the digital transformation of China's economy and society, and a power source for promoting the transformation and upgrading of traditional industries and stimulating the innovative vitality of the digital economy.

In 2022, China will, on the one hand, accelerate the improvement of network-type facilities, focus on the implementation of On the other hand, it will unify the layout of node-based facilities, accelerate the creation of 10 national data center clusters, and steadily and orderly promote the construction of new national Internet exchange centers and national Internet backbone direct connection points. This will provide new opportunities for the rapid development of ICT equipment, optical modules and IDCs in the field of optical communications, as well as the fiber optic cable industry.

The continuous high price of raw materials also brings great pressure to the cost of enterprises. On the one hand, enterprises in the industry should continue

to reduce costs and increase efficiency to survive, and on the other hand, they need to increase technological innovation to seek new directions of development.

Influenced by the uncertain international situation, the 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 aviation industry chain, missile industry chain, unmanned aircraft industry chain, satellite industry chain demand is rising rapidly, the industry is currently in the demand release phase.

## 2. Corporate development strategy

During the "14th Five-Year Plan" period, the company will focus on the strategic positioning of "a \$10 billion integrated provider of new-generation information technology products and services", and devote itself to becoming "a typical development model of technology integration, a benchmark of advanced manufacturing industry, and a comprehensive solution Based on its own advantageous resources and capabilities, the company will build a diversified new industrial layout under the promotion of the dual engines of business restructuring and capital operation.

## 3. 2022 Business Plan

In the cable manufacturing segment, on the one hand, stabilize the market share of operators, coordinate the order management strategy and improve the industrial operation efficiency; deepen the grid market, develop the industry network market and expand the business scale in the niche market; take advantage of the Vietnam plant to expand the business of overseas high-value customers. On the other hand, we completed the commissioning of the company's Liao Bu fiber plant and the relocation of the Tefa Huayin plant; strengthened the public

Capacity linkage mechanism for each production site of the Division.

In the science and technology integration segment, we will continue to do a good job in the model supporting business; improve the transformation of achievements and technology reuse capability; optimize the marketing model and expand the market of dual-use products for military and civilian use.

Optical manufacturing segment, around the new generation of information technology, the transformation and upgrading of electronic manufacturing products to ensure that both revenue and profit achieve scale development; deepen the intelligent manufacturing capabilities, and actively implement the intelligent transformation of production lines. Tefa Dongzhi continued to promote the conversion of customer supply to customer sales; dig deeper into the order demand of key customers, actively explore the operator market, and continue to restore the operation status to achieve the goal of stopping losses as early as possible. Sichuan Huatuo Jiangyou expansion project was put into operation; continued to expand the market of optical modules for operators and equipment vendors and Internet vendors to expand sales scale.

In the smart service segment, we strengthen the R&D and deployment of products related to multi-scene basic network equipment for 5G and 5G for carrier customers; deepen cooperation with government and enterprise customers, rely on our complete product chain and comprehensive solution capability, actively participate in ICT integration projects, integrate ICT with traditional urban public infrastructure, and provide rich scenario solutions; continue to promote multi-mode cooperation with Internet vendors and equipment vendors We continue to promote multi-mode cooperation with Internet vendors and equipment vendors on network communication products, focus on integrated cabling and network equipment deployment scenarios, and actively participate in server room construction; build and accumulate comprehensive solution capabilities in project planning and design, construction implementation, and operation and maintenance management.

Strengthen the construction of the company's innovation carrier, cooperate with the financial management department, increase the initial planning and implementation of innovation investment; use the "company's R&D product



technology tree" to enhance the intercommunication of the technology R&D system among all units, improve the cooperation and research ability and the conversion rate of pre-research projects; strengthen the communication between sales and technology innovation; increase the investment in core R&D talents and gradually establish a stable core team resource to support the sustainable development of the company's technology. We will gradually establish a stable core team resource to support the sustainable development of our technology.

#### 4. Possible risks and countermeasures

##### (1) Risk of unstable supply of raw materials and price increases

Although the epidemic situation is still spreading, the global economy has started to recover, the demand for commodities has increased and the central banks of the world's major countries have continued to implement quantitative easing policies, driving commodity prices to remain high, resulting in a significant increase in production costs for enterprises and negatively impacting the Company's capacity utilization and product cost control.

The Company will deepen cooperation with major raw material suppliers and actively seek new raw material procurement channels to enhance the support of the supply chain system; at the same time, the Company will actively carry out technology and process innovation, vigorously promote the localization and localization of key materials, and introduce intelligent production methods to improve the level of automated production and labor production efficiency.

##### (2) Risk of loss in fiber and cable business

With the rapid development of the information and communication industry, the market demand of the fiber optic cable industry has been released to a certain extent, but the situation of overcapacity in the fiber and cable industry has not changed, and the market competition is still very intense. Recently, although the price of common cable collection by the three major carriers has increased, the price pressure on fiber and cable products has eased, but it still cannot fully cover the full production costs of manufacturers, and there is still a risk of loss in the fiber and cable business.

The company will grasp the effectiveness of the supply chain management system, promote lean production projects to the internal depth, promote the construction of information technology, and continue to carry out process optimization work to improve operational management efficiency and effectively reduce operating costs. The company will increase the efforts to grab orders for high-quality orders in overseas markets and power optical cable products; communicate with partners to obtain suitable prices for major raw materials and optimize the overall price of the fiber and cable industry chain.

### (3) Risk of the impact of the epidemic

Since 2021, there have been repeated outbreaks of the New Crown epidemic. The Company has flexibly adjusted its strategy to play the role of mutual support of industrial bases around the world to grasp the risks and opportunities in the epidemic, and its operation has not experienced serious adverse circumstances. However, the global epidemic is still spreading, the epidemic prevention situation is still severe, and there is a certain degree of uncertainty about the impact of the epidemic, which will have an uncertain impact on the Company's operating results. The Company will continue to actively cope with the situation, take advantage of the supply chain, industrial layout and scale of operation, make good supply chain defense, formulate production and operation protection plans, overcome difficulties, stabilize the Company's operation and reduce uncertain risks.

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

√ Applicable □ Not applicable

Reception time	Reception location	Reception	Type of reception	Reception	Key elements of the talk and information provided	Basic index of research
11 January 2021	Company	telephone communication	individuals	investors	Discuss the status of the company's share price.	not applicable
24 February 2021	Company	telephone	individuals	investors	Understand the	not

		communication		Annual Report	company's annual performance.	applicable
01 March 2021	Company	telephone communication	individuals	investors	Advisory on the conversion operation of the company's convertible bonds.	not applicable
10 March 2021	Company	telephone communication	individuals	investors	We are inquiring about the status of the company's convertible bonds "Tefa to 2".	not applicable
12 March 2021	Company	telephone communication	individuals	investors	Find out about the status of the project to the company's Xi'an data center.	not applicable
20 April 2021	Company	telephone communication	individuals	investors	Discussion of the company's convertible bonds "Tefa to 2" downward adjustment of the conversion price in the matter.	not applicable
26 May 2021	Company	telephone communication	individuals	investors	Find out about cash compensation for performance committers.	not applicable
June 03, 2021	Company	telephone communication	individuals	investors	Learn about the company's recent operations.	not applicable
09 July 2021	Company	telephone communication	individuals	investors	Learn about the company's half-year earnings preview.	not applicable
17 August 2021	Company	telephone communication	individuals	investors	Learn about the company's semi-annual operations.	not applicable
22 September 2021	Company	telephone communication	individuals	investors	Learn about the company's creative development base project	not applicable

					Progress.	
14 October 2021	Company	telephone communication	individuals	investors	Learn about the company's industry status with respect to recent carrier set tenders.	not applicable
29 November 2021	Company	telephone communication	individuals	investors	Discussion of the Company's downward conversion price adjustment	not applicable
27 December 2021	Company	telephone communication	individuals	investors	Learn about the company's annual operations.	not applicable

## Section IV Corporate Governance

### I. Basic status of corporate governance

During the reporting period, the Company continued to improve its corporate governance structure, improve the Company's internal control system and revised the Decision-making System for Connected Transactions 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 and the requirements of the China Securities Regulatory Commission, Shenzhen Stock Exchange and other regulatory authorities. The Company's General Meeting, Board of Directors, Supervisory Committee and management have clearly defined responsibilities and powers, coordinated operations and scientific decision-making; actively carried out investor relations management work, strengthened contact with investors and continuously improved the level of investor relations management work; 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 controlling shareholders and listed companies

During the reporting period, the Company maintained independence from its 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, and there were three independent directors, reaching one-third of all directors. All directors of the Company were able to comply with the laws, regulations and 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 complied 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, 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 faithfully and diligently safeguard the legitimate rights and interests of the Company and its shareholders.

#### 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 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 discloses truthful, accurate, complete and timely information in accordance with the requirements of the Shenzhen Stock Exchange Listing Rules, ~~the~~ Guidelines for the Regulation of the Operation of Listed Companies on the Main Board of the Shenzhen Stock Exchange (now No. 1 of the Self-regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange - Regulation of the Operation of Listed Companies on the Main Board), the Articles of Association and the Information Disclosure Management Measures. The Company has disclosed the relevant information in a true, accurate, complete and timely manner to ensure that all investors have fair access to the 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 relevant laws, regulations and the Company's internal rules and regulations; 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 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 provisions on governance of listed companies issued by laws, administrative regulations and the CSRC

☐ Yes ☒ No

The actual state of corporate governance does not differ materially from the laws, administrative regulations and regulations issued by the CSRC on the governance of listed companies.

## **II. Independence of the Company vis-à-vis the controlling shareholder and the actual controller in ensuring the Company's assets, personnel, finances, institutions and operations**

The controlling shareholder of the Company is Shenzhen Tefa Group Company Limited, which directly held 313,086,853 shares of the Company as at 31 December 2021, accounting for 37.07% of the total share capital; the controlling shareholder and its concert party, Han Guo Sanhe Company Limited, held a total of 322,990,357 shares of the Company, accounting for 38.24% 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 its main business, the Company is engaged in the research and development, production and sales of the four business segments of cable manufacturing, optoelectronic manufacturing, technology integration and intelligent services, and is independent of the controlling shareholder and other enterprises under its control, and has the assets, personnel, qualifications and capabilities to carry out business activities independently, and has the ability to operate

independently and continuously in the market, and does not compete with the controlling shareholder and related parties in the same industry .

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 controlling shareholders 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 Company's financial and accounting activities are interfered with 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	Conference resolutions
2021 First Extraordinary General Meeting	Extraordinary Shareholders' Meeting	40.23%	February 08, 2021	February 09, 2021	Juchao Information Website and Securities Times: Announcement of Resolutions of the First Extraordinary General Meeting of 2021 (Announcement No. 2021-20)
2020 Annual General Meeting	annual shareholders' meeting	39.81%	21 May 2021	22 May 2021	Juchao Information Network and Securities Times: Announcement of Resolutions of the

				Annual Report 2021	2020 Annual General Meeting (Announcement No. 2021-46)
Second Extraordinary General Meeting of 2021	Extraordinary Shareholders' Meeting	39.85%	16 July 2021	17 July 2021	Juchao Information Website and Securities Times: Announcement of Resolutions of the Second Extraordinary General Meeting of 2021 (Announcement No. 2021-57)
Third Extraordinary General Meeting of 2021	Extraordinary Shareholders' Meeting	39.82%	24 November 2022	25 November 2021	Juchao Information Website and Securities Times: Announcement of Resolutions of the Third Extraordinary General Meeting of 2021 (Announcement No. 2021-86)
Fourth Extraordinary General Meeting 2021	Extraordinary Shareholders' Meeting	41.64%	13 December 2021	14 December 2021	Juchao Information Website and Securities Times: Announcement of Resolutions of the Fourth Extraordinary General Meeting of 2021 (Announcement No. 2021-96)

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

☐ Applicable ☒ Not applicable

## V. Directors, Supervisors and Senior Management

### 1. Basic information

name and surname	position	Incumbency status	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 (Unit)	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 (Unit)	Reasons for changes in shares
Gao Tianliang	chairman	hold an office	male	55	2021 07 Jul 16 sun	2024 07 Jul 15 sun	0				0	
Jiang Qinjian (1929-), leading PRC politician	chairman	leave office	male	59	2017 Sep 14 sun	2021 07 Jul 16 sun	60,295				60,295	
伍历文	Director , General Manager	hold an office	male	54	2021 07 Jul 16 sun	2024 07 Jul 15 sun	0				0	
Li Mingjun	board member	hold an office	women	57	2012 06 Month 08 sun	2024 07 Jul 15 sun	0				0	
Yang Hongyu	Director , General Manager	leave office	male	43	2018 01 Jan 15 sun	2021 26 November sun	120,000				120,000	
Wang Jun (meaning	board member	hold an office	male	57	2021 14 December	2024 07 Jul 15 sun	0				0	

ful)					sun		Annual Report 2021					
Yang Xi	board member	hold an office	male	40	2021 14 December sun	2024 07 Jul 15 sun	0				0	
Li Zengmin	Director, Chief Financial Officer	hold an office	male	43	2018 November 08 sun	2024 07 Jul 15 sun	0				0	
Deng Shu'e	board member	leave office	women	46	2018 01 Jan 23 sun	2021 26 November sun	0				0	
Tang Guoping	independent director	hold an office	male	57	2018 November 08 sun	2024 07 Jul 15 sun	0				0	
Luo Jiangang	independent director	hold an office	male	59	2021 07 Jul 16 sun	2024 07 Jul 15 sun	0				0	

Zhang Zhaoyu	independent director	hold an office	male	46	2021 07 Jul 16 sun	2024 April 15 sun	0				0	
Wegang	independent director	leave office	male	59	2015 06 Jun 18 sun	2021 07 Jul 16 sun	0				0	
Wang Yuxin	independent director	leave office	male	56	2015 06 Jun 18 sun	2021 07 Jul 16 sun	0				0	
Robertson (name)	Chairman of the Supervisory Board	hold an office	male	59	2015 06 Jun 18 sun	2024 07 Jul 15 sun	0				0	
Wu Rui Kai	supervisor	leave office	male	50	2018 01 Jan 23 sun	2021 07 Jul 16 sun	0				0	
Li Songdong	supervisor	hold an office	male	46	2021 07 Jul 16 sun	2024 07 Jul 15 sun	0				0	
although	supervisor	hold an office	women	36	2018 November 08 sun	2024 07 Jul 15 sun	0				0	
Huang Bin	Deputy Secretary of the Party Committee	hold an office	male	37	2021 07 Jul 29 sun	2024 07 Jul 15 sun	0				0	
Luo Tao	Deputy Secretary of the Party	leave office	male	60	2018 November 08 sun	2021 08 Aug 04 sun	27,000				27,000	



	Committee						Annual Report 2021					
Liu Tao (1978-), Chinese landscape architect	Deputy General Manager	hold an office	male	54	2017 01 Month 06 sun	2024 07 Jul 15 sun	0				0	
Luo Qunfeng	Deputy General Manager	hold an office	male	35	2021 08 Aug 04 sun	2024 07 Jul 15 sun	0				0	
Wang Aiguo	Deputy General Manager	hold an office	male	54	2021 08 Aug 04 sun	2024 07 Jul 15 sun	0				0	
Zhou Xu	Deputy General Manager	hold an office	male	41	2021 08 Aug 04 sun	2024 07 Jul 15 sun	0				0	
Liu Yang	deputy director	leave office	male	59	2003	2021	18,000				18,000	

	manage				05 Jun 06 sun	08 Aug 04 sun						
yellowish red	Deputy General Manager	leave office	women	55	2013 04 Jul 07 sun	2021 08 Aug 04 sun	0				0	
idyllic	Secretary of the Board	hold an office	women	35	2022 01 Jan 13 sun	2024 07 Jul 15 sun	0				0	
Zhang Dajun	Deputy General Manager, Secretary of the Board of Directors	leave office	male	56	2003 05 Jun 06 sun	2022 01 Jan 13 sun	18,180				18,180	
add up the total	--	--	--	--	--	--	243,475	0	0	0	243,475	--

Whether there were departures of directors and supervisors and dismissals of senior management during the reporting period

☐ Yes ☒ No

Changes in directors, supervisors and senior management of the Company

☒ Applicable ☐ Not applicable

During the reporting period, the Company completed the transition of the Board of Directors, the Supervisory Board and the management. on July 16, 2021, the

As considered at the second extraordinary general meeting of the Company in 2021, Mr. Gao Tianliang, Mr. Wu Liwen, Ms. Li Mingjun, Ms. Deng Shu'e, Mr. Yang Hongyu and Mr. Li Zengmin were elected as non-independent directors of the eighth session of the Board and Mr. Tang Guoping, Mr. Zhang Zhaoyu and Mr. Luo Jiangang were elected as independent directors of the eighth session of the Board; Mr. Luo Bojun and Mr. Li Songdong were elected as non-employee supervisors of the eighth session of the Supervisory Committee. Ms. Zhang Zhangshen was appointed as an

employee supervisor of the eighth session of the Supervisory Committee.

On July 16, 2021, the Company's Board of Directors appointed Mr. Wu Liwen as the general manager of the Company at the eighth meeting. 2021

On 4 August, the third meeting of the eighth session of the Board of Directors of the Company appointed Mr. Liu Tao, Mr. Luo Qunfeng, Mr. Wang Aiguo and Mr. Zhou Xu

On 18 August 2021, Mr. Zhang Dajun was appointed as the Secretary of the Board of Directors of the Company at the fourth meeting of the eighth session of the Board of Directors of the Company.

In view of Mr. Yang Hongyu and Ms. Deng Shu'e's application for resignation as non-independent directors of the eighth session of the Board of Directors of the Company due to work arrangement, on 13 December 2021, Mr. Wang Jun and Mr. Yang Xi were elected as non-independent directors of the eighth session of the Board of Directors of the Company by replacement at the fourth extraordinary general meeting of the Company in 2021.

Mr. Zhang Dajun, Secretary of the Board of Directors of the Company, has applied for resignation as Secretary of the Board of Directors of the Company due to his work schedule. 1,2022

On 12 December, Ms. Tian Yuan was appointed as the Secretary of the Board of Directors of the Company at the Eighth Sixteenth Meeting of the Board of Directors of the Company.

name and surn ame	Positions held	type s	date	reas on
Gao Tianliang	chairman	those elected	16 July 2021	election as
伍历文	board member	those elected	16 July 2021	election as

伍历文	general manager	appointment	16 July 2021	appointment
Jiang Qinjian (1929-), leading PRC politician	chairman	Leaving at the end of the term of office	16 July 2021	Leaving at the end of the term of office
Yang Hongyu	general manager	Departure at the end of the term of office	16 July 2021	Departure at the end of the term of office
Yang Hongyu	board member	leave office	26 November 2021	Job changes
Luo Jiangang	independent director	those elected	16 July 2021	election as
Zhang Zhaoyu	independent director	those elected	16 July 2021	election as
Wegang	independent director	Leaving at the end of the term of office	16 July 2021	Leaving at the end of the term of office
Wang Yuxin	independent director	Leaving at the end of the term of office	16 July 2021	Leaving at the end of the term of office
Wu Rui Kai	supervisor	Leaving at the end of the term of office	16 July 2021	Leaving at the end of the term of office
Li Songdong	supervisor	those elected	16 July 2021	election as
Huang Bin	Deputy Secretary of the Party Committee	those elected	29 July 2021	election as
Luo Qunfeng	Deputy General Manager	appointment	04 August 2021	appointment
Wang Aiguo	Deputy General Manager	appointment	04 August 2021	appointment
Zhou Xu	Deputy General Manager	appointment	04 August 2021	appointment
Luo Tao	Deputy Secretary of the Party Committee	Leaving at the end of the term of office	04 August 2021	Leaving at the end of the term of office
Liu Yang	Deputy General Manager	Leaving at the end of the term of office	04 August 2021	Leaving at the end of the term of office
yellowish red	Deputy General Manager	Leaving at the end of the term of office	04 August 2021	Departure at the end of the term of office
Zhang Dajun	Deputy General Manager	Departure at the end of the term of office	04 August 2021	Departure at the end of the term of office
Deng Shu'e	board member	leave office	26 November 2021	Job changes
Wang Jun (meaningful)	board member	those elected	13 December 2021	election as
Yang Xi	board member	those elected	13 December 2021	election as
idyllic	Secretary of the Board	appointment	12 January 2022	appointment

Zhang Dajun	Secretary of the Board	leave office	12 January 2022	Annual Report 2021	Job changes
-------------	------------------------	--------------	-----------------	--------------------	-------------

## 2. Tenure

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

Gao Tianliang Master, lawyer, property manager, senior economist, director and chairman of the company. He has served in Shenzhen Tefalli

Director, General Manager and Deputy Secretary of the Party Committee of Ming Optoelectronics (Group) Company Limited, General Manager of Shenzhen Tefa Property Management Co.

(Legal Representative) Secretary of the Party General Branch, Chairman of the Board and Secretary of the Party Committee. Now he is the deputy secretary of the Party Committee, director and president of Shenzhen Tefa Group Co. During the year, he was also the chairman of Shenzhen Changlong Railway Electronic Engineering Co.

Dr. Wu Liwen, Senior Engineer of Communication Technology, Director and General Manager of the Company. He has been the manager of enterprise development department, office director, director of board secretariat and securities representative of Shenzhen Tefa Information Co.

Ltd. executive deputy general manager and general manager of the power optical cable division, director of the technology center of Shenzhen Tefa Information Co., Ltd. and director of the board secretariat, general manager of the strategic investment department (director's secretary office) of Shenzhen Tefa Group Co. Ltd., a wholly-owned subsidiary of the company, and a director of Chengdu Fourier Electronic Technology Co. Ltd. and Shenzhen Tefa Sanqi Defense Technology 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.

Wang Jun, Master, Senior Accountant, Director of the Company. He was the head of the finance section of the accounting and finance department and the business manager of the audit and supervision department of Shenzhen Tefa Group Company Limited, the head of the finance department of Shenzhen Tefa Real Estate Co. Now he is a full-time external director of Shenzhen Tefa Group Co. Ltd., Shenzhen Tefa Microfinance Co., Ltd. and Shenzhen Yinkun Investment Co.

Yang Xi has a master's degree and is a director of the Company. Ltd., Business Manager of the Board Secretariat of Shenzhen Tefa Information Company Limited, Senior Supervisor of the Asset Management Department of Yantian Port Company Limited, Secretary of the Board of Directors of Shenzhen Chau Ming Technology Company Limited, Capital Operation Manager of the Office of the Secretary of the Board of Directors, Capital Operation Manager of the Strategic Investment Department and Deputy General Manager of the Strategic Investment Department of Shenzhen Tefa Group Co. Ltd. He is currently the General Manager of the Strategic Investment Department of Shenzhen Tefa Group Co.

Li Zengmin Master, Senior Accountant, Director and Chief Financial Officer of the Company. Ltd., the head of finance department of PetroChina Fuel Oil Company Limited, the finance director of Shenzhen Youputai Garment Technology Co. Ltd., a wholly-owned subsidiary of the company, director of Chengdu Fuliye Electronic Technology Co., Ltd, supervisor of Guangdong Tefa Information Optical Cable Co.

Dr. Tang Guoping is a Certified Public Accountant, a professor of Zhongnan University of Economics and Law, a doctoral supervisor and an independent director of the Company. He has been the vice dean of School of Accounting and deputy director of MBA Education Center, director of Master of Accounting Education Center, executive vice dean of Graduate School and dean of MBA College of Zhongnan University of Economics and Law. Currently, he is the director of Environmental Resources Accounting Research Center of Zhongnan University of Economics and Law. In this year, he is also the director and senior member of the Chinese Accounting Society, the deputy director of the Environmental Resources Accounting Committee of the Chinese Accounting Society, the deputy chairman of the Hubei General Accountants Association, and the sole member of Jabil (Wuhan) Biological Engineering Co.

Ltd., an independent director of Sunshine Technology Co.

Luo Jiangang Doctor of Economics, master's degree, researcher, independent director of the company. He has served as a cadre in the Department of Administration and Finance of Hunan Provincial Department of Finance, head of the comprehensive team, section chief of Hunan Provincial Department of Finance, deputy director of Hunan Provincial Office of Asset Verification, director of Statistics and Evaluation Department of Hunan Provincial State-owned Assets Administration, deputy general manager of Hunan Caixin Holding Company, director of Fiscal History Research Office and Comprehensive Policy Research Office of the Institute of Fiscal Science of the Ministry of Finance, and director of Macroeconomic Center of China Academy of Fiscal Science. He is currently a researcher of the China Academy of Fiscal Sciences, deputy director of the PPP Research Institute, and executive director of Beijing Asia Pacific Caixin Consulting Co. He is the executive director of the China Institute of Fiscal Science, the executive member of the Investment and Financing Committee, and the executive director and deputy secretary-general of the Government-Social Capital Cooperation (PPP) Committee. He is also an independent director of Bangxun Technology Co.

Dr. Zhaoyu Zhang is an independent director of the Company. He was a postdoctoral fellow in the Department of Chemistry at the University of California, Berkeley, and Lawrence Berkeley National Laboratory. He was an associate professor at the School of Information Engineering, Graduate School of Peking University (Shenzhen) and an assistant dean at the School of Science and Technology, The Chinese University of Hong Kong (Shenzhen). Currently, he is an Associate Professor and the Director of Shenzhen Key Laboratory of Semiconductor Lasers at The Chinese University of Hong Kong (Shenzhen).

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.

Li Songdong Master of Law, Legal Adviser of State-owned Enterprises (Level 3) Supervisor of the Company. He has been the manager of the legal department of COFCO Real Estate (Group) Company Limited, the deputy director (legal) office of Shenzhen Shen Fu Bao (Group) Co. Now he is the deputy general manager of the corporate management and legal department of Shenzhen Special Development Group Co.

Zhang has a Bachelor's degree and is a supervisor representing the employees of the company. Ltd. and is currently a corporate culture specialist in the office of Shenzhen Tefa Information Co.

Mr. Huang Bin has a master's degree and is a full-time deputy secretary of the Party Committee of the Company. He has served as the corporate culture commissioner and office director of Shenzhen Tefa Information Co.

Liu Tao Master, Engineer, Deputy General Manager of the company. He has served as an 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, during the year.

Luo Qunfeng Bachelor degree, economist, deputy general manager of the company. Ltd., Deputy General Manager, Deputy Manager and Manager of the Marketing Department, Deputy General Manager of Shenzhen Tefa Information Optical Network Technology Co. Ltd, a wholly-owned subsidiary of the company, and the general manager of Shenzhen Tefa Dongzhi Technology Co.

Director of Shenzhen Tefa Information Optical Network Technology Co.

Wang Aiguo Bachelor degree, senior engineer, deputy general manager of the company. He has been the technician of Wuhan No.2 Wire and Cable Factory, the deputy manager of production department of Shenzhen Optotone Development Co. Ltd., a wholly-owned subsidiary of the company, director of Guangdong Tefa Information Optical Cable Co. Ltd., chairman of Changzhou Tefa Huayin Wire & Cable Co., Ltd. and vice chairman of Changfei Special Light Bar Qianjiang Co.

Zhou Xu has a master's degree and is the deputy general manager of the company. He has served as sales manager, regional manager, sales manager and deputy general manager of the optical cable division of Shenzhen Tefa Information Co. Ltd., a wholly-owned subsidiary of the Company; Chairman of Sichuan Huatuo Optical Communication Co., Ltd., a holding subsidiary of the Company; Director of Shenzhen Tefa Information Data Technology Co.

Tian Yuan Bachelor's degree, Secretary of the Board of Directors of the Company. He has served as project manager of the investment and banking department of AVIC Securities, senior project manager and assistant managing director of the investment and banking department of Huachuang Securities, investment director of the investment and financing center of Tiehan Ecology, and director of the director's secretariat office of Shenzhen Tefa Information 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
Gao Tianliang	Shenzhen Tefa Group Co.	Deputy Secretary of the Party Committee, Director, President	01 November 2017		be
Li Mingjun	Shenzhen Tefa Group Co.	vice president	June 08, 2012		be
Wang Jun	Shenzhen Tefa Group Co.	Full-time outside	10 December 2021		be

(meaningful)		directors of companies	Annual Report 2021		
Yang Xi	Shenzhen Tefa Group Co.	General Manager, Strategic Investment Department			be
Li Songdong	Shenzhen Tefa Group Co.	Vice President of Corporate Management and Legal Affairs			be

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	Are you receiving remuneration in other units?

					sticker
Gao Tianliang	Shenzhen Changlong Railway Electronic Engineering Co.	chairman	29 October 2020		deny
伍历文	Tefa Information India Optical Cable Company	board member	09 August 2021		deny
伍历文	Tefa Information India Optical Cable Company	chairman	09 August 2021	25 November 2021	deny
伍历文	Sichuan Huatuo Optical Communication Co.	board member	09 August 2021		deny
伍历文	Shenzhen Tefa Information Data Technology Co.	board member	09 August 2021		deny
伍历文	Beijing Shenzhou Feiyang Technology Co.	board member	09 August 2021		deny
伍历文	Beijing Shenzhou Feiyang Technology Co.	chairman	09 August 2021	25 November 2021	deny
伍历文	Chengdu Fourier Electronic Technology Co.	board member	09 August 2021		deny
伍历文	Chengdu Fourier Electronic Technology Co.	chairman	09 August 2021	25 November 2021	deny
伍历文	Shenzhen Tefa Information Optical Network Technology Co.	board member	09 August 2021		deny
伍历文	Shenzhen Tefa Sanqi Defense Technology Co.	board member	09 August 2021		deny
伍历文	Shenzhen Tefa Sanqi Defense Technology Co.	chairman	09 August 2021	25 November 2021	deny
伍历文	Shenzhen Tefatec Communication Technology Co.	board member	09 August 2021		deny
Li Zengmin	Shenzhen Tefa Dongzhi Technology Co.	board member	December 06, 2018		deny
Li Zengmin	Shenzhen Tefa Dongzhi Technology Co.	Chief Financial Officer	26 September 2020	29 December 2021	deny
Li Zengmin	Chengdu Fourier Electronic Technology Co.	board member	June 11, 2019		deny
Li Zengmin	Guangdong Tefa Information Optical Cable Co.	supervisor	December 06, 2018		deny
Li Zengmin	Shenzhen Tefa Information Optical Network Technology Co.	board member	December 06, 2018	09 August 2021	deny
Li Zengmin	Shenzhen Tefa Information Fiber Co.	supervisor	December 06, 2018		deny
Li Zengmin	Chongqing Tefa Information Optical Cable Co.	board member	April 05, 2017	09 August 2021	deny
Li Zengmin	Changzhou Tefa Huayin Wire & Cable Co.	board member	April 05, 2017		deny
Li Zengmin	Shandong Tefa Light Source Optical Communication Co.	supervisor	April 05, 2017		deny
Li Zengmin	Sichuan Huatuo Optical Communication Co.	board member	November 08, 2019		deny
Li Zengmin	Shenzhen Tefa Information Technology Service Co.	board member	31 July 2020		deny
Liu Tao (1978-), Chinese	Tefa Information India Optical Cable Company	board member	February 26, 2019	09 August 2021	deny

landscape architect			Annual Report 2021		
Liu Tao (1978-), Chinese landscape architect	Sichuan Huatuo Optical Communication Co.	board member	November 08, 2019	09 August 2021	deny
Liu Tao (1978-), Chinese landscape architect	Shenzhen Tefa Information Technology Service Co.	Director, Chairman	31 July 2020	09 August 2021	deny
Liu Tao (1978-), Chinese landscape architect	Shenzhen Tefa Dongzhi Technology Co.	general manager	31 December 2020	02 August 2021	deny
Liu Tao (1978-), Chinese landscape architect	Shenzhen Tefa Dongzhi Technology Co.	board member	22 June 2021		deny
Liu Tao (1978-), Chinese landscape architect	Shenzhen Tefa Dongzhi Technology Co.	chairman	02 August 2021		deny
Luo Qunfeng	Shenzhen Tefa Dongzhi Technology Co.	general manager	02 August 2021		deny
Luo Qunfeng	Shenzhen Tefa Information Optical Network Technology Co.	board member	09 August 2021		deny
Luo Qunfeng	Shenzhen Tefa Information Optical Network Technology Co.	chairman	09 August 2021	25 November 2021	deny

Wang Aiguo	Tefa Information India Optical Cable Company	board member	09 August 2021		deny
Wang Aiguo	Shandong Tefa Light Source Optical Communication Co.	board member	09 August 2021		deny
Wang Aiguo	Guangdong Tefa Information Optical Cable Co.	board member	09 August 2021		deny
Wang Aiguo	Shenzhen Tefa Information Optical Network Technology Co.	board member	09 August 2021		deny
Wang Aiguo	Shenzhen Tefa Information Optoelectronics Technology Co.	board member	09 August 2021		deny
Wang Aiguo	Shenzhen Tefa Information Optoelectronics Technology Co.	chairman	09 August 2021	25 November 2021	deny
Wang Aiguo	Shenzhen Tefa Information Fiber Co.	board member	09 August 2021		deny
Wang Aiguo	Changzhou Tefa Huayin Wire & Cable Co.	board member	09 August 2021		deny
Wang Aiguo	Changzhou Tefa Huayin Wire & Cable Co.	chairman	09 August 2021		deny
Wang Aiguo	Chongqing Tefa Information Optical Cable Co.	board member	09 August 2021		deny
Wang Aiguo	Chongqing Tefa Information Optical Cable Co.	chairman	09 August 2021	25 November 2021	deny
Wang Aiguo	Changfete Luminous Rods Qianjiang Co.	board member	28 December 2021		deny
Wang Aiguo	Changfete Luminous Rods Qianjiang Co.	Vice Chairman	28 December 2021		deny
Zhou Xu	Sichuan Huatuo Optical Communication Co.	board member	09 August 2021		deny
Zhou Xu	Sichuan Huatuo Optical Communication Co.	chairman	09 August 2021		deny
Zhou Xu	Shenzhen Tefa Information Data Technology Co.	board member	09 August 2021		deny
Zhou Xu	Shenzhen Tefa Information Data Technology Co.	chairman	09 August 2021	25 November 2021	deny
Zhou Xu	Shenzhen Tefa Information Technology Service Co.	board member	09 August 2021		deny
Zhou Xu	Shenzhen Tefa Information Technology Service Co.	chairman	09 August 2021		deny
Zhou Xu	Shenzhen Tefatec Communication Technology Co.	board member	09 August 2021		deny

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

√ Applicable □ Not applicable

Ltd. was notified by the SSE on 25 May 2021 for irregularities in information disclosure and regulation of operation, Mr. Luo Jiangang, an independent director of the Company, as the then sole director of Beijing Xinwei, was criticized by the SSE.

Mr. Luo Jiangang, an independent director of the Company, was appointed in 2021 due to his relative's short term trading in the shares of Bondsun Technology Co.

A warning letter was issued by the Beijing Supervision Bureau of the China Securities Regulatory Commission on 16 December 2012.

### 3. 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 provisions of the Remuneration Management System of SDI, the Performance Management Measures for Middle and Basic Level Employees of SDI Headquarters, the Regulations of the Remuneration and Evaluation Committee of the Board of Directors of Shenzhen SDI Company Limited, the Performance Management Measures for Senior Management of Shenzhen SDI Company Limited and other relevant systems. The Company regularly reports to the Remuneration and Evaluation Committee of the Board of Directors on the performance of the Directors.

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	Incumbency status	Total pre-tax compensation received from the company	Whether remuneration is received at a related party of the company
Gao Tianliang	chairman	male	55	hold an office	0	be
伍历文	Director, General Manager	male	54	hold an office	16.25	deny
Li Mingjun	board member	women	57	hold an office	0	be
Wang Jun (meaningful)	board member	male	57	hold an office	0	deny
Yang Xi	board member	male	40	hold an office	0	deny
Tang Guoping	independent director	male	57	hold an office	10	deny
Luo Jiangang	independent director	male	59	hold an office	7.08	deny
Zhang Zhaoyu	independent director	male	46	hold an office	7.08	deny
Robertson (name)	Chairman of the Supervisory Board	male	59	hold an office	71.28	deny
Li Songdong	supervisor	male	46	hold an office	0	be



although	Staff Supervisor Representative	women	36	Annual Report 2021 hold an office	17.2	deny
Huang Bin	Full-time Deputy Party Secretary	male	37	hold an office	41.01	deny
Li Zengmin	Chief Financial Officer	male	43	hold an office	34.7	deny
Liu Tao (1978-), Chinese landscape architect	Deputy General Manager	male	54	hold an office	44.17	deny
Luo Qunfeng	Deputy General Manager	male	35	hold an office	55.69	deny
Wang Aiguo	Deputy General Manager	male	54	hold an office	68.47	deny
Zhou Xu	Deputy General Manager	male	41	hold an office	61.11	deny
idyllic	Secretary of the Board	women	35	hold an office	29.76	deny
Jiang Qinjian (1929-), leading PRC politician	chairman	male	59	leave office	48.39	deny
Yang Hongyu	Director, General Manager	male	43	leave office	26.78	deny
Deng Shu'e	board member	women	46	leave office	0	be
Wegang	independent director	male	59	leave office	2.92	deny
Wang Yuxin	independent director	male	56	leave office	2.92	deny
Wu Rui Kai	supervisor	male	50	leave office	0	be
Luo Tao	Full-time Deputy Party Secretary	male	60	leave office	38.76	deny

Liu Yang	Deputy General Manager	male	59	leave office	38.4	deny
yellowish red	Deputy General Manager	women	55	leave office	34.26	deny
Zhang Dajun	Deputy General Manager, Secretary of the Board of Directors	male	56	leave office	40.53	deny
add up the total	--	--	--	--	696.76	--

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

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

Session of the Conference	Date of meeting	Date of disclosure	Conference resolutions
Seventh thirty-eighth meeting of the Board of Trustees	11 January 2021	13 January 2021	Announcement of Resolutions of the Seventh Thirty-eighth Meeting of the Board of Directors (Announcement No. 2021-05), please refer to the Company's announcement disclosed on Juchao Information Website and Securities Times for details.
Seventh thirty-ninth meeting of the Board of Trustees	21 January 2021	22 January 2021	Announcement of Resolutions of the Seventh Thirty-ninth Meeting of the Board of Directors (Announcement No. 2021-07), please refer to the Company's announcement disclosed on Juchao Information Website and Securities Times for details.
Seventy-fourth session of the Board of Trustees	29 January 2021	30 January 2021	Announcement of Resolutions of the Seventh Fortieth Meeting of the Board of Directors (Announcement No. 2021-10), as disclosed in the Company's announcements on Juchao Information Website and Securities Times.
Seventy-first session of the Board of Trustees	10 February 2021	19 February 2021	Announcement of Resolutions of the Seventy-First Meeting of the Board of Directors (Announcement No. 2021-22), please refer to the Company's announcement disclosed on Juchao Information Website and Securities Times for details.

Seventh forty-second meeting of the Board of Trustees	10 March 2021	12 March 2021	Annual Report 2021 Announcement of Resolutions of the Seventh Forty-second Meeting of the Board of Directors (Announcement No. 2021-28), please refer to the Company's announcement disclosed on Juchao Information Website and Securities Times for details.
Seventy-third session of the Board of Trustees	16 April 2021	20 April 2021	Announcement of Resolutions of the Seventy-third Meeting of the Board of Directors (Announcement No. 2021-38), please refer to the Company's announcement disclosed on Juchao Information Website and Securities Times for details.
Seventy-fourth session of the Board of Trustees	23 April 2021	27 April 2021	Announcement of Resolutions of the Seventy-Fourth Meeting of the Board of Directors (Announcement No. 2021-38), please refer to the Company's announcement disclosed on Juchao Information Website and Securities Times for details.
Seventy-fifth session of the Board of Trustees	27 April 2021		Resolutions of the seventy-fifth meeting of the Board of Directors
Seventh forty-sixth session of the Board of Trustees	May 07, 2021	11 May 2021	Announcement of Resolutions of the Seventh Forty-Sixth Meeting of the Board of Directors (Announcement No. 2021-45), please refer to the Company's announcement disclosed on Juchao Information Website and Securities Times for details.
Seventh forty-seventh session of the Board of Trustees	24 May 2021	26 May 2021	Announcement of Resolutions of the Seventh Forty-seventh Meeting of the Board of Directors (Announcement No. 2021-47), please refer to the Company's announcement disclosed on Juchao Information Website and Securities Times for details.
Seventh forty-eighth session of the Board of Trustees	28 June 2021	30 June 2021	Announcement of Resolutions of the Seventh Forty-eighth Meeting of the Board of Directors

			(Announcement No. 2021-50), as disclosed by the Company in the Giant Tide Information Network and Securities Times Announcement.
Seventh forty-ninth session of the Board of Trustees	29 June 2021	01 July 2021	Announcement of Resolutions of the Seventh Forty-ninth Meeting of the Board of Directors (Announcement No. 2021-51), please refer to the Company's announcement disclosed on Juchao Information Website and Securities Times for details.
Eighth session of the Board of Trustees	16 July 2021	17 July 2021	Announcement of Resolutions of the Eighth Meeting of the Board of Directors (Announcement No. 2021-58), as disclosed in the Company's announcements on Juchao Information Website and Securities Times.
Eighth second session of the Board of Trustees	23 July 2021		Resolutions of the second meeting of the eighth session of the Board of Directors
Third meeting of the eighth session of the Board of Trustees	04 August 2021	06 August 2021	Announcement of Resolutions of the Third Meeting of the Eighth Session of the Board of Directors (Announcement No. 2021-62), as disclosed in the Company's announcements on Juchao Information Website and Securities Times.
Fourth meeting of the eighth session of the Board of Trustees	18 August 2021	20 August 2021	Announcement of Resolutions of the Eighth Fourth Meeting of the Board of Directors (Announcement No. 2021-65), as disclosed in the Company's announcements on Juchao Information Website and Securities Times.
Fifth meeting of the eighth session of the Board of Trustees	26 August 2021	30 August 2021	Announcement of Resolutions of the Fifth Meeting of the Eighth Session of the Board of Directors (Announcement No. 2021-68), as disclosed in the Company's announcements on Juchao Information Website and Securities Times.
Sixth meeting of the eighth session of the Board of Trustees	15 September 2021	17 September 2021	Announcement of Resolutions of the Eighth Sixth Meeting of the Board of Directors (Announcement No. 2021-72), as disclosed in the Company's announcements on Juchao Information Website and Securities Times.

Seventh meeting of the eighth session of the Board of Trustees	24 September 2021	27 September 2021	Annual Report 2021 Announcement of Resolutions of the Eighth Seventh Meeting of the Board of Directors (Announcement No. 2021-75), as disclosed in the Company's announcements on Juchao Information Website and Securities Times.
Eighth session of the Board of Trustees, eighth meeting	29 September 2021		Resolutions of the eighth session of the Board of Directors
Ninth meeting of the eighth session of the Board of Trustees	26 October 2021	28 October 2021	Announcement of Resolutions of the Eighth Ninth Meeting of the Board of Directors (Announcement No. 2021-79), as disclosed in the Company's announcements on Juchao Information Website and Securities Times.
Tenth meeting of the eighth session of the Board of Trustees	05 November 2021	09 November 2021	Announcement of Resolutions of the Eighth Tenth Meeting of the Board of Directors (Announcement No. 2021-81), as disclosed in the Company's announcements on Juchao Information Website and Securities Times.
Eighth eleventh session of the Board of Trustees	25 November 2021	27 November 2021	Announcement of Resolutions of the Eighth Eleventh Meeting of the Board of Directors (Announcement No. 2021-87), as disclosed in the Company's announcements on Juchao Information Website and Securities Times.
Eighth twelfth meeting of the Board of Trustees	29 November 2021	30 November 2021	Announcement of Resolutions of the Eighth Twelfth Meeting of the Board of Directors (Announcement No. 2021-93), as disclosed in the Company's announcements on Juchao Information Website and Securities Times.
Eighth thirteenth meeting of the Board of Trustees	13 December 2021	14 December 2021	Announcement of Resolutions of the Eighth Thirteenth Meeting of the Board of Directors (Announcement No. 2021-97), as disclosed in the Company's announcements on Juchao Information Website and Securities Times.

Eighth fourteenth meeting of the Board of Trustees	17 December 2021		Resolutions of the eighth fourteenth meeting of the Board of Directors
Eighth fifteenth meeting of the Board of Trustees	30 December 2021	01 January 2022	Announcement of Resolutions of the Eighth Fifteenth Meeting of the Board of Directors (Announcement No. 2022-01), as disclosed in the Company's announcements on Juchao Information Website and Securities Times.

## 2. Attendance of Directors at the Board of Directors' Meeting and the General Meeting of Shareholders

attendance of directors at board meetings and general meetings							
Name of 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
Gao Tianliang	15	2	13	0	0	deny	3
Jiang Qinjian (1929-), leading PRC politician	12	2	10	0	0	deny	3
伍历文	15	2	13	0	0	deny	3
Li Mingjun	27	3	24	0	0	deny	3
Yang Hongyu	24	3	21	0	0	deny	3
Wang Jun (meaningful)	3	1	2	0	0	deny	0
Yang Xi	3	1	2	0	0	deny	0
Deng Shu'e	24	2	22	0	0	deny	1
Tang Guoping	27	1	26	0	0	deny	2
Luo Jiangang	15	1	14	0	0	deny	1

Zhang Zhaoyu	15	1	14	0	Annual Report 2021 0	deny	1
Wegang	12	0	12	0	0	deny	1
Wang Yuxin	12	0	11	1	0	deny	2

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

### 3. Directors' objections to matters relating to the Company

Whether the directors object to the company's matters

☐ Yes ☒ No

No objection was raised by the directors on matters relating to the Company during the reporting period.

### 4. Other descriptions of the duties performed by directors

Whether the directors' recommendations on the company were adopted

√ Yes ☐ No

Note by the directors on the company's recommendations adopted or not adopted

During the reporting period, the directors of the Company strictly followed the provisions of the Code on Governance of Listed Companies, the Articles of Association and relevant laws, regulations and systems, and in a responsible manner for all shareholders, carefully considered motions, performed their duties as directors, made decisions on matters such as the renewal of the appointment of the Company's accounting firm, external guarantees, fund raising, major investment projects, asset sales and convertible bonds, and safeguarded the interests of the Company and shareholders; in the In the process of preparation, review and disclosure of periodic reports, the directors listened carefully to the management's report on the operation, communicated with the annual audit certified public accountants and went into the site to understand the operation of each project. With their rich professional knowledge and industry experience, the independent directors put forward many reference opinions and valuable suggestions on the development strategy, system improvement, financial management and standardized operation of the Company, which have played a positive role in improving the supervision mechanism of the Company, scientific decision-making of the Board of Directors, promoting standardized operation and safeguarding the rights and interests of small and medium shareholders.

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

Name of the Committee	Membership	Number of meetings held	Date of meeting	Content of the meeting	Key observations and recommendations made	Other performance of duties	Details of the objections (if any)
			January 2021 28th	1. The Company's 2020 annual economic Report on the operation and financial accounts; 2. Listen to the	Agree to the accounting firm's arrangements	Regular performance of duties by	not



Board of Auditors	Tang Guoping, Wei Gang (7th) Wang Yuxin (7th) Luo Jiangang (8th) Zhaoyu Zhang (8th) Mingjun Li, Zengmin Li	7		annual report audit for Report 2021 accounting firm on annual report audit the company Annual Report Audit Schedule and Audit scheduling		all members	
			January 2021 28th	1. Hearing from the Audit Department on Report on the implementation of internal controls in FY 2020; 2. Report on the audit of the four quarters of FY 2020	Recognize the achievements of the company's internal control efforts	Regular performance of duties by all members	not
			April 2021 23rd	1. to report, discuss and consider the audit of the financial report for the year 2020 and the conclusion of the audit; 2. to consider the company's annual Internal control self-evaluation report	Agreed to the Annual Financial Report Audit 2020, the Company's Annual Internal Control Self-Evaluation report	Regular performance of duties by all members	not
			April 2021 23rd	1. Hearing of the Audit Department 2020 Internal audit and internal control work for the year Reporting; 2. Company 2020 Review of significant matters for the second half of the year The report of the survey; 3. 2020 I Quarterly audit performance	Agree to all motions	All members normal Fulfillment of duties	not

				Status and work plan for the second quarter Paddle.			
			August 2021 26th	1. Review of audit department submissions Audit Performance for the Second Quarter of 2021 and Work Plan for the Third Quarter; 2. Review the Audit Department's submission Significant in the first half of 2021 Report on Inspection of Matters.	Agree to all motions	Regular performance of duties by all members	not
			October 2021 26th	Review of audit department submissions Audit Performance for the Third Quarter of 2021 and Work Plan for the Fourth Quarter.	Agree to all motions	Regular performance of duties by all members	not
			November 2021 05 Day	Review of the proposal to renew the appointment of the accounting firm and payment of audit fees.	Agree to submit to the Board for consideration	Regular performance of duties by all members	not
Remuneration and Appraisal Committee	Tang Guoping, Wei Gang (7th) Wang Yuxin (7th) Luo Jiangang (8th) Zhang Zhaoyu (8th) Li Mingjun,	4	April 2021 13 June	Proposal to establish a KPI commitment for members of the Company's management team for the year 2021.	Agree to all motions	Regular performance of duties by all members	not
			April 2021 23rd	1. To receive a report on the Company's 2020 operating results; 2. To receive a presentation on the	Agree to all motions	Regular performance of duties by all members	not

	Deng Shu'e			2020 compensation of the Company's executives.	Annual Report 2021		
			July 2021 15 days	Proposal on the results of the audit of the company's executive KPI appraisal indicators for 2020.	Agree to all motions	Regular performance of duties by all members	not
			November 2021 08 Day	1. Specially-issued information on the transition plan for the remuneration and performance of the management team; 2. Proposal on the formulation of the KPI commitment letter for 2021 for the new members of the management team of the Company.	Agree to all motions	Regular performance of duties by all members	not
Strategic Committee	Jiang Qinjian (7th) Gao Tianliang (eighth session) Liwen Wu (eighth session) Mingjun Li, Hongyu Yang, Gang Wei (7th) Zhang Zhaoyu (8th)	5	January 2021 29th	Proposal for early redemption of "Tefa Convertible Bonds".	Agree to submit to the Board for consideration	Regular performance of duties by all members	not
			March 2021 10th	Motion on Data Technology's investment in the construction of a data center project in Xi'an.	Agree to submit to the Board for consideration	Regular performance of duties by all members	not
			September 2021 15 days	Motion on the demolition and redevelopment project of the company's Longhua site.	Agree to submit to the Board for consideration	Regular performance of duties by all members	not
			November 2021	On the establishment of a	Agree to submit to	Regular performance	not

			05 Day	wholly-owned subsidiary by Sichuan Huatuo, a holding subsidiary	Annual Report 2021 the Board for consideration	of duties by all members	
--	--	--	--------	---	--	--------------------------	--

				and implementation of the expansion project Case.			
			November 2021 30 days	1、Proposal on the extension of part of the fund-raising investment project; 2、Proposal on the termination of part of the fund-raising project and the permanent replenishment of the remaining fund-raising to the working capital.	Agree to submit to the Board for consideration	Regular performance of duties by all members	not

## VIII. 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. ix.

employees of the company

### 1. Number of employees, professional composition and educational level

Number of active employees of the parent company at the end of the reporting period (persons)	684
Number of active employees of the principal subsidiaries at the end of the reporting period (persons)	2,089
Total number of employees in service at the end of the reporting period (persons)	2,773
Total number of employees receiving remuneration for the period (persons)	2,804
Number of retired employees of the parent company and major subsidiaries required to bear costs (persons)	0

Professional composition	
Professional composition category	Number of professional composition (persons)
production personnel	1,125
salesperson	195
technical staff	549
treasurer	97
administrative staff	807
add up the total	2,773
Education level	
Educational attainment category	Number (persons)
PhD	6
bachelor's degree	79
undergraduate (adjunctive)	874

post-secondary	505
Secondary school and below	1,309
add up the total	2,773

## 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 to 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 broadbanding remuneration: adopting a broadbanded remuneration range, establishing a dual career development 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 and specialization, to promote the construction of the training system, to develop an effective and appropriate annual training plan, specifically including new employee orientation training, fresh graduates induction 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)	1,991,214
---	-----------



Total remuneration paid for outsourced labour services (\$)	47,445,058.81
---	---------------

## X. Distribution of profits and capitalisation of capital reserves of the Company

The formulation, implementation or adjustment of the profit distribution policy, in particular the cash dividend policy, during the reporting period

☒ Applicable ☐ Not applicable

The Company's current Articles of Association provide for a profit distribution policy as follows.

Article 185 After the resolution on the profit distribution plan is made at the general meeting of shareholders of the Company, the board of directors of the Company shall complete the distribution of dividends (or shares) within 2 months after the general meeting is held.

Each year, the Company will determine a reasonable profit distribution plan based on the current operation and the capital demand plan for project investment, and on the basis of full consideration of the interests of shareholders and proper handling of the relationship between the short-term interests and long-term development of the Company. The specific profit distribution policy of the Company is as follows.

1. Principles of profit distribution: The Company shall implement a positive profit distribution policy in accordance with the relevant provisions of laws and regulations, attach importance to reasonable investment returns to investors and maintain the continuity and stability of the profit distribution policy. The Company's profit distribution shall not exceed the scope of accumulated profits available for distribution, shall not impair the Company's ability to continue operation, and shall adhere to the following principles.

- (1) The principle of allocation in the statutory order.
- (2) The principle that no distribution shall be made if there is an uncovered loss.
- (3) The principle that the Company's shares held by the Company shall not be allocated profits.

2. Mode of profit distribution: The Company may distribute its profits in cash, shares, a combination of cash and shares or in other ways as permitted by law. The

Company shall give priority to the distribution of dividends in cash. In order to keep the expansion of the share capital in line with the growth of performance, the Company may adopt stock dividends for profit distribution on the premise of ensuring full cash dividend distribution and the reasonable size of the Company's share capital and shareholding structure.

3. The company shall meet at least the following conditions at the same time when it intends to implement a cash dividend.

(1) The company's distributable profit (i.e. the company's after-tax profit after making up for losses and withdrawing reserves) for the year is positive and cash-rich, and the implementation of the cash dividend will not affect the company's subsequent continuing operation.

(2) A standard unqualified audit report from the auditor on the company's financial report for that year.

(3) The Company has no significant investment plans or significant cash outlays or other matters occurring (except for the fund-raising projects)

Significant investment plan or significant cash expenditure means that the cumulative expenditure of the company's proposed foreign investment, acquisition of assets or purchase of equipment within the next twelve months reaches or exceeds 30% of the company's latest audited net assets.

If the company has the above-mentioned conditions for cash dividends, it shall adopt cash dividends for profit distribution.

4. Percentage and time interval of cash dividends

On the premise of meeting the conditions for cash dividends and ensuring the normal operation and long-term development of the Company, the Company shall, in principle, pay cash dividends once a year after the annual general meeting, and the Board of Directors of the Company may propose the Company to pay interim cash dividends in accordance with the profitability and capital requirements of the Company.

The Company shall maintain the continuity and stability of its profit distribution policy, and in principle, the profit distributed in cash each year shall be not less than twenty percent of the distributable profit achieved in that year; and the cumulative profit distributed in cash by the Company in the last three years shall be not less than thirty percent of the average annual distributable profit achieved in the last three years.

The company shall take into account the characteristics of the industry in which it operates, its stage of development, its own business model, its level of profitability and whether it has significant capital expenditure arrangements, and differentiate the following circumstances and propose a differentiated cash dividend policy.

(1) If the development stage of the company is mature and there is no major capital expenditure arrangement, when profit distribution is made, the minimum proportion of cash dividend in the profit distribution should be 80%.

(2) If the company is in a mature stage of development and has significant capital expenditure arrangements, the minimum proportion of cash dividends in the profit distribution should be 40%.

(3) If the development stage of the company is in the growth period and there are significant capital expenditure arrangements, when profit distribution is made, the cash dividend should account for at least 20% of the profit distribution.

Where the stage of development of the company is not easily distinguishable but there are significant arrangements for the expenditure of funds, they may be treated in accordance with the foregoing provisions.

During the reporting period, there was no adjustment to the Company's profit distribution policy. During the reporting period, the Board of Directors and the

general meeting of the Company considered and approved the Company's "Shareholder Return Plan for the next three years (2021-2023)". The Company implemented profit distribution in strict accordance with the requirements of laws and regulations, the Articles of Association and resolutions of the general meeting of shareholders, with complete decision-making procedures and mechanisms, clear and explicit criteria and ratios for dividend distribution, and independent directors have expressed objective and impartial independent opinions on the Company's profit distribution norms and profit plan situation, which can fully protect the legitimate rights and interests of small and medium investors.

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 reported a profit for the reporting period and the parent company had positive profit available for distribution to shareholders but did not propose a cash dividend distribution

☐ Applicable ☒ Not applicable

Profit distribution 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. **XI. Implementation of the Company's share incentive scheme, employee stock ownership plan or other employee incentives**

☐ Applicable ☒ Not applicable

The Company had no share incentive plan, employee share ownership plan or other employee incentives and their implementation during the reporting period. **XII. Construction and implementation of internal control system during the reporting period**

#### **1. Internal control construction and implementation**

During the reporting period, the Company established a complete internal control management system in strict accordance with the relevant laws and regulations of the CSRC and Shenzhen Stock Exchange and the requirements of the Articles of Association of the Company, and continuously improved the internal control system by taking into account the characteristics of the industry and the operation of the Company.

The 2021 Annual Internal Control Evaluation Report is available on the website of the Shenzhen Stock Exchange.

#### **2. Details of significant deficiencies in internal control identified during the reporting period**

☐ Yes ☒ No

#### **XIII. Management control of the Company's subsidiaries during the reporting period**

company identificat ion	Integration Plan	Integration progress	Problems encounte red in integrat ion	Measures taken to address	Progress towards resolution	Follow-up resolution plan
not applicable	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable

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

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

Date of disclosure of the full internal control evaluation report	30 April 2022		
Index of full disclosure of internal control evaluation reports	The Company’s 2021 Annual Internal Control Evaluation Report” on Juchao Information Website		
Total assets of the units included in the evaluation as a percentage of the total assets of the company’s consolidated financial statements	100.00%		
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			
cate gori es	Financia l reports	Non- financial reporting	

qualitative criteria	<p>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.</p>	<p>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.</p>
quantitative criteria	<p>Significant deficiencies: potential misstatement of the income statement greater than or equal to 10% of the prior year's consolidated net income; potential misstatement of the balance sheet greater than or equal to 1% of the prior year's consolidated net assets. Significant deficiency: potential misstatement of the income statement is greater than or equal to 5% or less than 10% of the prior year's consolidated net income; potential misstatement of the balance sheet is greater than or equal to 0.5% or less than 1% of the prior year's consolidated net assets. 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.</p>	<p>Significant defects: (1) If the defect causes direct economic loss, the amount of direct economic loss 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 100,000 yuan; (2) if the defect causes the result Deviations from the target are below 15 per cent.</p>
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

## 2. 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, 2021, in accordance with the Basic Standard for Enterprise Internal Control and the related regulations.	
Disclosure of internal control audit reports	disclosure
Date of disclosure of full internal control audit report	30 April 2022
Index of full disclosure of internal control audit reports	Internal Control Audit Report on 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

**XV. Self-checking and rectification of problems in special governance actions of listed companies**

During the reporting period, the Company, in accordance with the requirements of the CSRC, carefully sorted out and identified problems against the list of special self-examination on governance of listed companies. According to the results of the self-inspection, the Company had problems in the management of the point of time of the last board of directors' renewal, the minutes of the board of directors' supervisory committee and the attendance of directors and supervisors at shareholders' meetings. The Company completed the rectification by strengthening the management of the board of directors' general election, arranging a person responsible for recording the minutes of the board of directors' and supervisors' meetings and requiring the directors and supervisors who could not attend the meeting to sign a leave of absence form to the Company, etc., and successfully completed the special self-inspection.

## Section V. Environmental and social responsibility

### I. Significant environmental issues

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

☐ Yes ☒ No

Administrative penalties imposed for environmental issues during the reporting period

Name of company or subsidiary	Reasons for penalties	Violations	Results of penalties	Impact on the production and operation of listed companies	Corrective measures for companies
not	not applicable	not	not applicable	not	not applicable

Reference to other environmental information disclosed by key emission units

The Company and its subsidiaries are not among the key emission units announced by the environmental protection authorities. Measures taken to reduce its carbon emissions during the reporting period and their effects

☐ Applicable ☒ Not applicable

Reasons for non-disclosure of other environmental information are not applicable.

### II. Situation 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 reasonable returns to investors; is honest with its suppliers, customers and consumers; continues to support social welfare, helps the disadvantaged, 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, true, 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, communicates well with creditors, maintains good communication and collaboration 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 adheres to the concept of people-oriented and fully implements the labor law and other laws and regulations.

We attach importance to the protection of employees' rights and interests, production safety management and occupational health, purchase five insurance and one fund for employees, and organize occupational health check-ups for employees at regular intervals. Establish trade unions, implement democratic management, and listen to the opinions and suggestions of employees extensively. We establish good communication channels throughout the whole 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 always insists on quality above all and safety above all, and has established a quality responsibility management system for the whole 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 other untrustworthy and illegal acts; actively builds and develops strategic cooperative relationships with suppliers and customers to provide customers with quality products and We will actively build and develop strategic partnerships with suppliers and customers to provide customers with 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 in accordance with the law and paying taxes, actively supports national and local

public welfare undertakings, responds to the policies of higher units on rural revitalization, etc., and promotes the harmonious development of the company and society. The company attaches great importance to epidemic prevention and control, effectively fulfills the main responsibility of epidemic prevention and control, insists on taking active measures to implement the government's epidemic prevention work arrangements, not only does the company's business premises epidemic monitoring, investigation, publicity and other work, group prevention and strict defense, but also cooperates with the community workstation where the enterprise is located to build a good epidemic joint prevention mechanism, maintain the security of the park, and strives to ensure that the production and operation of epidemic prevention are not lost.

### **III. Consolidation and expansion of the results of poverty eradication and rural revitalization**

During the reporting period, we responded positively to rural revitalization efforts by assigning a staff member to Narita Township in Shantou City to support rural construction and assist the local community in improving infrastructure and raising people's living standards. It also supported the "consolidation of poverty eradication and poverty prevention monitoring" and the "agricultural complex" in the Taihu Lake area of the central community of Tian.

## Section VI Matters of Importance

### I. Status of implementation of commitments

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

√ Applicable ☐ Not  
applicable

Reasons for commitment	committer	Type of commitmen t	Content of the commitme nt	Commitme nt time	Duration of commitmen t	Implementati on
Equity Reform Commitment	not applicable	not applicable	not applicable		not applicable	not applicable
			<p>The parties have agreed to provide Sichuan Huatuo Industry with the following services from 2019 to 2021</p> <p>Performance commitment period, the counterparty commits Sichuan Huatuo 2019</p> <p>The net profit for the years 2020, 2020 and 2021, respectively, will not be less than</p> <p>At \$12.0 million, \$14.4 million, \$17.28 million.</p> <p>The company pays for the transaction based on the achievement of performance targets</p> <p>Deferred payment portion of the price - 13.2 million. 2019</p> <p>In 2020 and 2020, if Sichuan Huatuo achieves</p> <p>performance commitment, then the company pays the counterparty the transaction consideration</p> <p>If the progress of the price is not achieved in any of the previous years, the amount of \$4.4 million will be used.</p> <p>Now the performance commitment, then the progress of the transaction consideration paid by the company</p> <p>The amount is calculated according to the following formula: transaction consideration payable for the year</p> <p>Progress payment = \$4.4 million -</p>			<p>Normal</p> <p>performance in progress. Sichuan Huatuo's audited</p> <p>2019 net of attribution</p> <p>Net profit was</p> <p>of \$9,071,319.48.</p> <p>Failure to meet performance commitments.</p> <p>The company is</p>

Undertakings made in the acquisition report or the report on changes in interests	Fan Wei;Liu Hui;Mianyang Huatuo Lihe Enterprise Management Partnership (limited partnership)	Performance commitment and compensation arrangements	<p>amount paid by deduction Annual Report 2021</p> <p>year.</p> <p>Of which, the amount deducted for payment in the current year = (current year commitment</p> <p>(Number of net profits - number of net profits achieved in the year) / cumulative committed net profits for the three-year commitment period x the total transaction consideration for the subject assets. If the calculation result of the progress payment of the transaction consideration payable in the current year is negative, the Company shall not be required to pay the counterparty the current</p> <p>In 2021, if Sichuan Huahua Top three years cumulative net profit achieved greater than or equal to three years cumulative committed net profit, then the company shall pay Sichuan Huatuo Progress payment of the transaction consideration in the amount of the following formula</p> <p>Calculation: Progress payment of transaction consideration due during the year = \$13.2 million</p> <p>Yuan - transaction consideration paid for the first two performance commitment years</p> <p>If Sichuan Huatuo achieves a cumulative net profit of three years</p> <p>If the profit is less than the three-year cumulative committed net profit, the counterparty</p> <p>The compensation shall be paid to the company in cash and shall be compensated</p> <p>The amount is calculated according to the following formula: performance compensation amount</p> <p>= (cumulative committed net profit for the three-year commitment period - three-year commitment) (Cumulative number of net profits achieved during the commitment period)/Cumulative three-year commitment period</p> <p>Committed net profit x the total transaction consideration of the</p>	Annual Report 2021	10 2019 25 January 2022 04 30 June	<p>not required to pay when</p> <p>The transaction consideration for the year into</p> <p>The Company's net income for 2020 is \$17,514,346.36.</p> <p>The audited net income after deductions for 2020 is \$17,514,346.36.</p> <p>Completion of 2020 performance</p> <p>Commitment. Audited</p> <p>2021 net of attribution Net profit was</p> <p>16,539,380.75.</p> <p>Failure to meet performance commitments. The company will support the agreement</p> <p>Progress in payment of transaction consideration Paragraphs.</p>
---	--	--	--	--------------------	------------------------------------	---

			subject assets + the former Annual Report 2021		
			Progress payments made in the second performance commitment year		



			-13.2 million. If the performance compensation amount is calculated as negative amount, the absolute value of which is the amount the company should pay to the counterparty Amount paid.			
	Chen Chuanrong	Performance commitment and Compensation arrangements	<p>Chen Chuanrong on Tefa Dongzhi 2018 to 2020 ("Supplementary Performance Commitment Period" (the "APC Period") is a separate and additional commitment</p> <p>The undertakings are as follows: namely, Chen Chuanrong further undertakes that Tefadong Wisdom's net income for 2018, 2019 and 2020 are not less than the committed net profit for 2017, i.e. none less than The Company's performance commitment is at \$58.6 million. For each year of the supplemental performance commitment period</p> <p>A person with securities and futures-related expertise hired by Tefa Information</p> <p>The auditor is qualified to conduct the audit (and also to conduct the annual audit for Tefa Information).</p> <p>The auditor of the financial report for the year ended 31 December 2009 issued a special report on the special report of Tefa Dongzhi.</p> <p>Audit report (same as the annual audit report of Tufa Information)</p> <p>(to be issued at the time of the issuance of the Circular), respectively, to Tefa Dongzhi for additional performance commitments</p> <p>The actual amount of net profit corresponding to each year of the period is performed</p> <p>Audit Confirmation; If the audit confirms that Tefa Dongzhi is in supplemental</p> <p>Actual net profit achieved in the year during the performance commitment period</p> <p>If the amount is less than \$58.6 million, Chen Chuanrong shall, from that year 30 days after the date of issuance of</p>	2015 04 30 June	2018 to 2020 ("Additional performance commitment period")	<p>Overdue . Tefa Dongzhi's audited net profit after deduction of parent company for 2018 was \$70,273,707.58.</p> <p>Completion of 2018 performance commitments. Tefa Dongzhi 2019, 2020</p> <p>-361,081,296.86</p> <p>The Company has not completed the committed performance for 2019 and 2020. As of March 2021</p> <p>As at 31 March 2012, Chen Chuanrong had paid the Company a total of 120 million performance compensation commitment amount, according to the Profit Compensation Agreement, the remaining performance commitment</p>

			the special audit report on Tefa Report 2021 Dongzhi The Company will make up its shareholding in cash to the listed company in a lump sum within Difference.			compensation amount of 70.00 million \$ outstanding.
	Dai, R.; Yin, Tao; Lin, Feng	Performance commitment and compensation arrangements	3 management shareholders, namely Dai Rong, Yin Tao and Lin Feng, in respect of the Chengdu FT 2018 to 2020 ("Supplemental Performance Commitments") The performance of the "Commitment Period") is separately and additionally committed as follows. That is, net profit for 2018, 2019 and 2020 are not less than the committed net profit for 2017, i.e. none less than The Company's performance pledges for each of the years of the Supplemental Performance Commitment period are as follows For each year of the supplemental performance commitment period A person with securities and futures-related expertise hired by Tefa Information The auditor is qualified to conduct the audit (and also to conduct the annual audit for Tefa Information). The auditor of the financial report for the year ended 31 December 2007 (issued at the same time as the annual audit report of Tefa Information) issued a special audit report on Chengdu Fuliye to supplement the performance of Chengdu Fuliye respectively. Actual net profit amount corresponding to each year of the commitment period Audit confirmation; if confirmed by audit Chengdu Fourier Actual net achieved in the year during the supplemental performance commitment period If the profit figure is less than \$35 million, the management shareholders The special audit report of Fourier Chengdu for that year shall be One-time lump sum in cash within 30 days of the date of issuance	2015 04 30 June	2018 to 2020 ("Supplemental performance commitment period"	Fulfilled. Chengdu Fuliye's audited net profit for the year 2018, net of non-attributable income, was RMB32,568,159.72. The performance commitment for 2018 was not completed; Dai Rong has fulfilled the cash compensation obligation in one go as stipulated in the agreement. Chengdu Fuliye's audited net profit after deduction of parental income for 2019 was RMB12,975,716.68. Failure to complete the 2019 committed performance, Dai Rong has, as stipulated in the agreement, a one-time Fulfilment of cash benefits

			The listed company makes up its difference.			The Company's obligations will be reimbursed. Chengdu Fuliye's audited net profit after deduction of parental income for 2020 was RMB49,312,176.49. Completion of 2020 commitments Performance.
--	--	--	---	--	--	---

Annual Report 2021						
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 36 months in the following manner: 1.</p> <p>The unlocking of shares shall be calculated in accordance with the following formula: the number of shares available for unlocking in the first phase = the total number of shares of the listed company subscribed by Chen Chuanrong in this transaction</p> <p>*50% - Chen Chuanrong Cumulative payable from 2015 to 2017</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 to listed companies in</p> <p>Designated Media Discloses Special Review of Tefa East Intelligence for 2018</p> <p>No transfer shall be allowed before the audit report; if the net profit of Tefa Dongzhi for the year 2018 as confirmed by the special audit report of Tefa Dongzhi for the year is not less than RMB58.6 million, the second tranche of shares shall</p> <p>Announcement of the Special Audit Report for 2018 since Tefa Dongzhi</p> <p>The sale restriction will be lifted immediately from the date; if Tefa Dongzhi 2018</p> <p>If the audited net profit 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. The number of unlockable shares in the second phase = the</p>	12 December 2015 16 June	2021 05 18 January	<p>Fulfillment in progress.</p> <p>Tefadonzhi's audited net profit after attribution for 2018 was 70,273,707.58.</p> <p>Completion of the 2018 performance commitment and release of the second tranche of shares from restriction.</p> <p>Tefa Dongzhi 2019, 2020</p> <p>The audited net profit after deduction of parental income for the year ended 31 December 2007 amounted to 20,512,781.40, respectively Yuan, -361,081,296.86</p> <p>The Company has not completed the committed performance for 2019 and 2020. As of March 2021</p> <p>As at 31 March 2012, Chen Chuanrong had</p>

			<p>total number of shares of the listed company subscribed by Chen Chuanrong in the transaction *50%*1/3. 3. The third tranche shares were disclosed by the listed company in the designated media for the special audit of Tefa Dongzhi for 2019.</p> <p>If the net profit of Tefa Dongzhi for the year 2019 as confirmed by the special audit report of Tefa Dongzhi for the year 2019 is not less than RMB58.6 million, the Third Tranche Shares shall</p> <p>Announcement of the Special Audit Report for 2019 since Tefa Dongzhi</p> <p>The sale restriction will be lifted immediately from the date of the release; if Tefa Dongzhi 2019</p> <p>If the audited net profit is less than RMB58.6 million, the Phase III shares held by Chen Chuanrong shall not be transferred until the difference in net profit is made up by Chen Chuanrong to the listed company in cash. The number of unlockable shares in the third phase = the total number of shares of the listed company subscribed by Chen Chuanrong in the transaction *50%*1/3. 4. Fourth tranche shares in listed companies in</p>	Annual Report 2021		<p>paid the Company a total of 120 million performance compensation commitment amount, the remaining performance commitment compensation amount of 70.00 million is outstanding under the agreement, and the third and fourth installments of shares have not been released from restriction of sale.</p>
--	--	--	--	--------------------	--	---

		<p>Designated Media Disclosure Special Review 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 is not less than RMB 58.6 million, the fourth tranche shares shall</p> <p>Announcement of the Special Audit Report for 2020 since Tefa Dongzhi</p> <p>The sale restriction will be lifted immediately from the date of release; if Tefa Dongzhi 2020</p> <p>If the audited net profit is less than RMB58.6 million, the Phase IV 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. The number of unlockable shares in the fourth tranche = the total number of shares of the listed company subscribed by Chen Chuanrong in the transaction</p> <p><math>\ast 50\% \ast 1/3</math>. 5. In calculating the number of shares that can be unlocked in the second, third and fourth periods, if there are insufficient shares for compensation in the first period because Tefa Dongzhi has not completed the promised cumulative net profit in the performance commitment period, the number of shares that can be unlocked in the second, third and fourth periods shall be deducted accordingly</p> <p>Insufficient compensation.</p>			
--	--	---	--	--	--

Annual Report 2021					
	Dai, R.; Lin, F.; Yin, Tao	Other commitments	<p>Chengdu Fuliye management shareholders to pay the outstanding performance compensation should take the following ways, including but not limited to the following full payment on time: 1. After the release of the fourth batch of restricted shares, the management shareholders of Chengdu Fuliye undertake to transfer the shares of Tefa Information held by them in the fourth batch of unrestricted shares within 30 trading days from the date of share circulation by way of collective bidding or bulk trading, and all the funds obtained from the share reduction will be transferred to the co-management account, which is designated for the priority payment of the outstanding 2019 performance supplement payable to Tefa Information.</p> <p>The difference of the compensation amount of RMB14,312,176.49, if there is any shortfall, will be settled by the management shareholders of Chengdu Fuliye with other funds. 3. Undertake that the custodian unit and co-management account corresponding to the above-mentioned shares are the only custodian unit and related bank account for the shares in circulation after the release of the restriction, and will not make any transfer of custody or change of bank account without the consent of Tefa Information and before the payment of the outstanding performance compensation for 2019 is completed. 4. After friendly negotiation, the parties have agreed as follows Within 60 trading days after the release of the fourth tranche of shares held by the management shareholders of Chengdu</p>	2022 01 10 October	<p>April 2022</p> <p>15 days</p> <p>Fulfilled. The management shareholders of Chengdu Fuliye on January 2022 A total of RMB14,312,176.49 was paid to the Company on 24 Performance compensation obligations are fulfilled.</p>

			<p>Annual Report 2021</p> <p>Fuliye from the restriction sale</p> <p>they shall pay the outstanding performance compensation to Tefa Information in RMB 14,312,176.49 Yuan. If the above-mentioned fourth tranche of restricted shares</p>			
--	--	--	--	--	--	--



			<p>If the performance compensation payment is not paid in full within 60 trading days from the date of release of the restricted shares from circulation, the listed company shall have the right to dispose of the un-reduced shares of the released restricted shares and the third batch of restricted shares not yet released for the payment of the remaining unpaid performance due at that time.</p> <p>Compensation payments.</p>			
--	--	--	---	--	--	--

Annual Report 2021					
			<p>The management shareholders (i.e. Dai Rong, Yin Tao and Lin Feng) subscribed for the non-public issue shares of Tefa Information in this 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: 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 and after the listed company has completed the first tranche of shares in the following manner</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 that management shareholder in the transaction *50% - the number of shares to be compensated by that management shareholder from 2014 to 2017 Shares subject to compensation 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) 2 The second tranche of shares will not be issued until the listed company discloses the Chengdu Fuliye 2018 special audit report in the designated media.</p> <p>If the net profit of Chengdu Fuliye for the year 2018 as confirmed by the special audit report of Chengdu Fuliye is not less than RMB35 million, the Second Tranche Shares</p>		
	Dai, R.; Lin, F.; Yin, Tao	Share Restriction Undertaking		12 December 2015  16 January	2021 05 18 January
					<p>Completion of performance. The shares are listed for 36 months. Chengdu Fuliye 2015-2017 to If the promised performance is not impaired, the Phase I shares will satisfy the conditions for release from lock-up. Chengdu Fuliye did not achieve the promised performance in 2018, and after the promisor made up the difference in cash in one go, the second tranche of shares met the conditions for release from lock-up. Chengdu Fuliye did not achieve the promised performance in 2019, the management shareholders have fulfilled</p>

			<p>shall be transferred from Chengdu Fuliye to Chengdu Fuliye.</p> <p>From the date of the announcement of the FSC's 2018 special audit report</p> <p>The sale restriction will be lifted immediately; if Chengdu Fuliye's 2018 economic</p> <p>If the audited net profit is less than RMB35 million, the second phase 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 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 such management shareholder in this transaction * 50% * 1/3 3. The shares in the third phase shall be unlocked before the disclosure of the special audit report of Chengdu Fuliye 2019 by the listed company in the designated media</p> <p>No transfer; if the net profit of Chengdu Fuliye for the year 2019 as confirmed by the special audit report of Chengdu Fuliye is not less than RMB 35 million, the third tranche shares shall be transferred from Chengdu Fuliye to Chengdu Fuliye.</p> <p>Announcement date of Dufresne's special audit report for 2019</p> <p>The sale restriction will be lifted immediately with effect from; if Chengdu Fuliye 2019</p> <p>If the audited net profit is less than RMB35 million, the third tranche shares held by the management shareholders shall not be transferred until the management shareholders have made up the difference in net profit in cash to the listed company. Any one management shareholder's third</p>	Annual Report 2021		<p>their cash compensation obligations and the third phase of shares have been released from restriction. Chengdu Fuliye will reach the promised performance in 2020, and the fourth tranche of shares has met the conditions for release from lock-up.</p>
--	--	--	--	--------------------	--	---

			<p>Number of shares unlockable in the period = total number of shares of the listed company subscribed by the management shareholder in the transaction</p> <p><math>*50\% \times 1/3</math>. 4. The fourth tranche shares were disclosed by the listed company in the designated media for the Chengdu Fuliye 2020 special</p> <p>If the net profit of Chengdu Fuliye for the year 2020 as confirmed by the special audit report of Chengdu Fuliye is not less than RMB 35 million, the fourth tranche shares</p> <p>If the audited net profit of Chengdu Fuliye in 2020 is less than RMB35 million, the shares held by the management shareholders in the fourth tranche shall not be transferred until the management shareholders make up the difference in net profit in cash to the listed company. The number of shares that can be unlocked by any one management shareholder in the fourth phase = the total number of shares of the listed company subscribed by the management shareholder in the transaction</p> <p><math>*50\% \times 1/3</math>. 5. In calculating the number of unlockable shares in the second, third and fourth periods, if Chengdu Fuliye fails to complete the promised cumulative net profit for the performance commitment period and the first period shares are not, sufficient to compensate, the number of unlockable shares in the second, third and fourth periods shall be deducted accordingly in the calculation.</p> <p>Except for the part that is not sufficiently compensated.</p>			
--	--	--	--	--	--	--

Annual Report 2021					
	Chen Chuanrong	Commitment on reducing and regulating 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, 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 during the period when I am a shareholder of Tefa Information, or when I am a director, supervisor or senior management of Tefa Information or Tefa Dongzhi. 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, perform the decision-making procedures for connected transactions in accordance with relevant laws and regulations and regulatory documents, fulfill the obligations of information disclosure and relevant reporting and approval procedures in accordance with the law, and not damage the legitimate rights and interests of Tefa Information and other shareholders 3. I will bear all the losses caused to Tefa Information, Tefa Dongzhi and other companies, enterprises or other economic organizations controlled by Tefa if I violate the above undertaking. Commitment on avoiding competition in	12 December 2015 16 June	2021 05 18 January	The commitment has been fulfilled normally and no breach of commitment by the committed party has been found.

			the same industry: 1. As of the date of signing this commitment letter, I and this	Annual Report 2021		
--	--	--	--	--------------------	--	--

			<p>2. After the completion of this transaction, I and other companies, enterprises or other economic organizations under my control will not engage in any business that is identical or similar to that of Tefa Information, Tefa Dongzhi and other companies, enterprises or other economic organizations under their control and that constitutes or may constitute competition with Tefa Information, Tefa Dongzhi and other companies, enterprises or other economic organizations under their control. will refrain from engaging in any business which is the same or similar to that of Tefa Information, Tefa Dongzhi and other companies, enterprises or other economic organizations under their control and which constitutes or may constitute a competitive relationship, and will not engage in any activities which 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</p>			
--	--	--	---	--	--	--

			<p>other enterprises under my control are not illegally appropriating the funds of Tefa Dongzhi or illegally disguising the appropriation of Tefa Dongzhi's funds in the form of advance receipts or accounts payable, etc. 2. Information and the relevant rules and regulations of Tefa Dongzhi, firmly prevent and eliminate the occurrence of non-operational appropriation of funds by me and other enterprises controlled by me to Tefa Dongzhi, not to illegally occupy or use the funds or other assets or resources of Tefa Dongzhi in any way, and not to engage in any direct or indirect acts that are or may be detrimental to 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 comply with the above undertaking in accordance with the same standards.</p>	Annual Report 2021		
	TAI WING	Undertaking in respect of interbank competition, connected	<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</p>	12 December 2015 16 June	2021 05 18 January	The commitment has been fulfilled normally and no breach of commitment by the committed



		transaction ns and appropriat ion of funds	Tefa Information's associated After the completion of this transaction, I am During the period of being a shareholder of Tefa Information, or acting as a shareholder of Tefa Information	Annual Report 2021		party has been found.
--	--	--	---	--------------------	--	--------------------------

		<p>During the period of being a director, supervisor or senior management of SDI, Chengdu Fuliye, I and other companies, enterprises or other economic organizations under my control will reduce and regulate the connected transactions with SDI, Chengdu Fuliye 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 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, comply with information disclosure obligations and relevant reporting and approval procedures in accordance with the law, and not harm the legitimate rights and interests of Special Development Information and other shareholders.</p> <p>3. 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 controlled by them.</p> <p>Commitment to avoid 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,</p>			
--	--	--	--	--	--

			<p>enterprises or other economic organizations under their control. 2. 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 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 such cooperation opportunities to Tefa Information, Chengdu Fuliye and other companies, enterprises or other economic organizations under their control. Commitment on avoiding the appropriation of funds:</p> <p>1. Except for normal business transactions, I and other enterprises under my control are not illegally appropriating the funds of Chengdu Fuliye, or illegally disguising the appropriation of Chengdu Fuliye in the form of advance receipts or accounts payable. Liba funds. 2. Upon completion of this transaction, the</p>	Annual Report 2021		
--	--	--	--	--------------------	--	--

			<p>I and other enterprises controlled by me will strictly comply with the relevant national laws, regulations and normative documents as well as the provisions of the relevant rules and regulations of Specialfa Information and Chengdu Fuliye, 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 acts that are detrimental or may be detrimental to the interests of Chengdu Fuliye, Specialfa Information and other shareholders. 3. I will use my control over the other enterprises under my control to cause such enterprises to act in accordance with the provisions of the relevant laws and regulations.</p> <p>Compliance with the above-mentioned commitments to the same standards.</p>			
Commitments made at the time of the initial public offering or refinancing	not applicable	not applicable	not applicable		not applicable	not applicable
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>The trade friction between China and the United States has been repeated several times and the international trade is unpredictable, resulting in the domestic economic downturn and the decrease in the purchase volume of major customers, coupled with the shortage of chips in the market and other factors, the sales volume of Tefa Dongzhi has decreased, resulting in the failure to meet the performance promise. After the original shareholder of Tefa Dongzhi failed to complete the promised performance, the company repeatedly called on Chen Chuanrong to pay the compensation for the difference in performance and urged him to fulfill his promise. After the Company pursued the payment from early November 2020 to 2021</p> <p>On 31 March, the company received a number of payments from Chen Chuanrong, totalling RMB 120 million. For the outstanding performance compensation, the company is taking recourse against Chen Chuanrong to protect the interests of investors to the maximum extent.</p>
---	---

2. If a profit forecast exists for the company's assets or projects and the reporting period is still in the profit forecast period, the company provides an explanation on the assets or projects meeting the original profit forecast and the reasons for it

√ 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
Information Port Phase I	September 2011 01 Day	August 2021 31 March	2,050	3,944	not applicable	August 2007 18th	Announcement of Change in Investment of Proceeds
Tefa Information Technology Building	January 2016 01 Day	December 2033 31 March	1,366	1,939	not applicable	August 2013 27th	Feasibility Study Report on Tefa IT Building (Tefa Infoport II)
Capital increase in fiber optic company	February 2014	February 2024	3,446	-1,255	Due to competition in the industry market	September 2013	On closed

and invest in fiber optic expansion projects	15 days	14 June			Competition has intensified, and the rapid decline in prices in the fiber optic market and the impact of the new crown epidemic in this period To.	12th	Proposal to Adjust the Investment Project of Issue Proceeds
Chongqing Special Optical Cable Project	December 2013 18th	December 2023 17 Jan	1,106	-1,591.61	This was due to increased competition in the industry market, lower product prices and the impact of the New Crown epidemic.	September 2013 12th	Proposal on the Adjustment of the Investment Project of the Non- public Issue Proceeds

Commitments made by the Company's shareholders and counterparties to the transaction in respect of operating results for the reporting year

√ Applicable □ Not applicable

#### (1) Asset restructuring performance commitments

According to the agreement between Tefa Information and Mianyang Huatuo Lihe Enterprise Management Partnership, the former shareholder of Sichuan Huatuo Optical Communication Co.

(Limited Partnership) Liu Hui and Fan Wei, one of the de facto controllers, signed the "Shareholder Transfer and Capital Increase Agreement with Conditions in Force", in which the parties agreed that FY2019 to FY2021 shall be the performance commitment period of Sichuan Huatuo Optical Communication Company Limited, and

the transferor undertakes that the net profits (meaning net profits after deduction of non-recurring gains and losses) of Sichuan Huatuo in 2019, 2020 and 2021 shall not be less than The transferor undertakes that the net profits of Sichuan Huatuo in 2019, 2020 and 2021 (after deducting regular gains and losses) shall not be less than RMB12 million, RMB14.4 million and RMB17.28 million respectively. The aforesaid performance indicators are used to calculate whether Tefa Information is required to pay the remaining RMB13.2 million of the transaction consideration to the original shareholders and the beneficial owner of Sichuan Huatuo and whether the transferor is required to bear the performance compensation liability. If the cumulative net profit achieved by Sichuan Huatuo in the three years is less than the cumulative net profit promised in the three years, the original shareholders will compensate Tefa Information in cash, and the compensation amount will be calculated according to the following formula: Performance compensation amount = (cumulative promised net profit in the three-year commitment period - cumulative realized net profit in the three-year commitment period)/cumulative promised net profit in the three-year commitment period \* total transaction consideration of the subject assets + first and second performance Progress payment already paid for the commitment year - RMB13.2 million.

## (2) Performance achievement

For the year 2021, Sichuan Huatuo's audited net profit was RMB18,297,900, which was attributable to the parent company after deducting non-recurring gains and losses. The net profit for the shareholders of the Company was \$16,539,400.

Completion of performance commitments and their impact on goodwill impairment testing

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 Sichuan Huatuo Optical Communication Co. There is no impact on the impairment test.

## II. Non-operating appropriation of funds by controlling shareholders and other related parties to listed companies

☐ Applicable ☒ Not applicable

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

## III. Non-compliance with external guarantees

☐ Applicable ☒ Not applicable

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

## IV. Note by the Board of Directors on the latest issue of the "non-standard audit report"

☐ Applicable ☒ Not applicable

## 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. Description of changes in accounting policies, accounting estimates or corrections of significant accounting errors compared with the previous year's financial report

☒ Applicable ☐ Not applicable

### 1. Changes in accounting policies

(1) The Company adopted AS 21 - Leases on January 1, 2021 (FAS [2018])

The amounts of right-of-use assets, lease liabilities, beginning retained earnings and other related items in the financial statements are adjusted on the basis of the cumulative effect, without adjusting the information for the comparable periods, in accordance with the relevant provisions of SFAS No. 35. The change in accounting policy resulted in the following impact.

Content and reasons for changes in accounting policies	Name and amount of the affected statement item
--	--

Adjustment of prepaid rent in accordance with lease guidelines	Reduce "Prepayments" in the consolidated balance
--	--



sheet as of January 1, 2021 by \$378,531.02.

Annual Report 2021

Reduce "Long-term amortization" in the consolidated balance sheet as of January 1, 2021 by \$83,333.33.

New "Right-of-use assets" account in the balance sheet      The amount shown in "Right-of-use assets"

in the consolidated balance sheet as of January 1, 2021 is \$121,321,495.24. Reclassification of lease liabilities due within one year to "I. Increase in "Non-current liabilities due within one year" in the consolidated balance sheet as of January 1, 2021

Non-current liabilities due within the year"      \$23,062,791.66.

New "Lease liabilities" account in the balance sheet  
balance sheet as of January 1, 2021 is \$97,796,839.23.

The amount shown as "Lease liabilities" in the consolidated

The Company as lessee

The Company has elected to adjust the cumulative impact number only for leases outstanding as of January 1, 2021. First execution

The amount of the cumulative effect of the adjustments to retained earnings and other related items in the financial statements at the beginning of the period of initial implementation (i.e., January 1, 2021) is not adjusted for comparable period information.

(a) For finance leases prior to the date of initial execution, the Company measures the right-of-use asset and the lease liability at the original carrying amount of the finance lease incoming asset and the finance lease payable, respectively.

For operating leases prior to the date of initial execution, the Company measures the lease liability based on the present value of the remaining lease payments discounted at the incremental borrowing rate at the date of initial execution, while each lease is measured at an amount equal to the lease liability, with necessary adjustments for prepaid rentals.

The Company tests right-of-use assets for impairment and accounts for them accordingly in accordance with the relevant regulations on asset impairment.

The Company applies simplified treatment to operating leases where the leased asset is a low-value asset prior to the date of initial execution or where the operating lease will be completed within 12 months, and no right-of-use asset or lease liability is recognized. In addition, the Company applies the following simplified treatment to operating leases prior to the date of initial execution.

(b) The same discount rate may be used for leases with similar characteristics when measuring the lease liability; the measurement of right-of-use assets may not include initial direct costs.

Where an option to renew or an option to terminate the lease exists, the Company determines the term of the lease based on the actual exercise of the option prior to the date of first execution and other recent circumstances.

As an alternative to testing right-of-use assets for impairment, the Company assesses whether the contract containing the lease was a loss-making contract prior to the date of initial performance and adjusts the right-of-use asset by the amount of the provision for losses recorded in the balance sheet prior to the date of initial performance.

Changes in leases prior to the date of initial execution are accounted for by the Company in accordance with the final arrangements for lease changes.

For the minimum lease payments outstanding under significant operating leases disclosed in the 2020 financial statements. The Company is based on 2021

The process for adjusting the difference between the present value of the

discounted interest rate on the Company's incremental borrowings as lessee on January 1, 2012, and the lease liability recorded on the balance sheet on January 1, 2021, is as follows

Minimum lease payments for significant operating leases as at 31 December 2020	122,833,516.79
Add: Increase in lease payments not recognized as at 31 December 2020 but reasonably certain to result from the exercise of the renewal option	28,328,769.16
Less: minimum lease payments using simplified treatment	6,792,558.32
Of which: short-term leases	6,709,758.32
Leases with less than 12 months remaining	82,800.00
Operating lease payments as at 1 January 2021	144,369,727.63
Weighted average incremental borrowing rate	4.50%, 4.65%, 4.75%, 4.90%
Lease liability as at 1 January 2021 (including one-year maturity portion)	120,859,630.89

The impact of the implementation of the new lease standard on the financial statement items as at 1 January 2021 is as follows.

### Consolidated balance sheet

Unit: RMB Yuan

Project	31 December 2020	1 January 2021	Adjustments
Prepayments	228,401,562.29	228,023,031.27	-378,531.02
Right-to-use assets		121,321,495.24	121,321,495.24

Long-term unamortized costs	27,626,004.81	27,542,671.48	-83,333.33
Non-current liabilities due within one year	18,218,665.13	41,281,456.79	23,062,791.66
Lease liabilities		97,796,839.23	97,796,839.23

There is no impact on the consolidated income statement for 2020.

There is no impact on the parent company balance sheet as at 1 January 2021.

There is no impact on the parent company income statement for 2020.

In addition, beginning on the date of initial execution, the Company records cash paid to repay principal and interest on lease liabilities in the statement of cash flows as a cash outflow from financing activities, and payments made under short-term leases and low-value asset leases using simplified treatment and variable lease payments not included in the measurement of lease liabilities continue to be recorded in cash outflows from operating activities.

The Company as lessor

The Company does not have a finance lease as lessor and does not need to adjust its leases as lessor to the new lease standard.

(2) Effective January 1, 2021, the Company adopted the relevant provisions of ASU No. 14 (SFAS [2021] No. 1), which adjusts opening retained earnings and other related items in the financial statements by the cumulative effect amount, without adjusting the information for comparable periods.

The change in policy had no impact on the financial statements for the reporting period.

(3) The Company adopted the relevant provisions of Accounting Standards for Business Enterprises Interpretation No. 15 (Caihui [2021] No. 35), "Presentation Related to Centralized Management of Funds", on January 1, 2021. The financial statement data of the comparable period shall be adjusted accordingly in accordance with this Interpretation.

The change in policy had no impact on the financial statements for the reporting period.

## 2. Changes in accounting estimates

No changes in accounting estimates occurred during the period.

## 3. Correction of prior period accounting errors

For details of the correction of prior period accounting errors, please refer to the Company's "Announcement on Correction of Prior Period Accounting Errors", which has been audited by Baker Tilly International CPA (Special General Partner) and issued the report No. "Baker Tilly [2022] 24136-6".

Special Audit Report on the Explanation of Correction of Prior Period Accounting Errors of Shenzhen Tefa Information Co.

4. Adjustments to items in the financial statements at the beginning of the year of first-time implementation of the new lease standard from 2021

#### Consolidated balance sheet

Unit of amount: RMB Yuan

Project	31 December 2020	1 January 2021	Adjustments
current asset			

Prepayments	228,401,562.29	228,023,031.27	-378,531.02
<b>Total current assets</b>	<b>8,291,539,530.05</b>	<b>8,291,160,999.03</b>	<b>-378,531.02</b>
Non-current assets			
Right-to-use assets		121,321,495.24	121,321,495.24
Long-term unamortized costs	27,626,004.81	27,542,671.48	-83,333.33
<b>Total non-current assets</b>	<b>2,328,066,694.54</b>	<b>2,449,304,856.45</b>	<b>121,238,161.91</b>
<b>Total assets</b>	<b>10,619,606,224.59</b>	<b>10,740,465,855.48</b>	<b>120,859,630.89</b>
current liability			
Non-current liabilities due within one year	18,218,665.13	41,281,456.79	23,062,791.66
<b>Total current liabilities</b>	<b>5,947,940,171.45</b>	<b>5,971,002,963.11</b>	<b>23,062,791.66</b>
Non-current liabilities			
Lease liabilities		97,796,839.23	97,796,839.23
<b>Total non-current liabilities</b>	<b>1,159,653,867.74</b>	<b>1,257,450,706.97</b>	<b>97,796,839.23</b>
<b>Total liabilities</b>	<b>7,107,594,039.19</b>	<b>7,228,453,670.08</b>	<b>120,859,630.89</b>

Explanation of adjustments to projects.

Adjustments to prepayments, contract liabilities, and other current liabilities in accordance with the new revenue standard, January 2020

1 Decrease in prepayments by \$378,531.02; increase in right-of-use assets by \$121,321,495.24; decrease in long-term amortization expense

83,333.33; increase in non-current liabilities due within one year related to lease liabilities by \$23,062,791.66; increase in lease liabilities

The amount was \$97,796,839.23.

The adjustment for the first implementation of the new lease standard from 2021 has no impact on the parent company balance sheet.

5. Notes to the first new lease standard retrospective adjustment of prior period comparative data

The Ministry of Finance issued AS 21 - Leases (revised 2018) on 7 December 2018 (Caijing [2018] No. 35) the Company implemented the aforementioned new leasing standard effective January 1, 2021. In accordance with the requirements of the new leasing standard, the Company will adjust the amounts of the relevant items in the financial statements at the beginning of the year in which the new lease standard is first implemented based on the cumulative effect of the first implementation of the new lease standard in preparing the financial statements for fiscal 2021 and each period, without adjusting the information for comparable periods.

VII. Description of changes in the scope of the consolidated statements compared with the

**previous year's financial report**

☒ Applicable ☐ Not applicable

1. From November 12, 2020 to December 09, 2020, the Company transferred 20.4% equity interest in its holding subsidiary, Tefatec, by public listing on Shenzhen United Property Rights Exchange. On 29 January 2021, Tefatec completed the change of industrial and commercial information, and the Company's shareholding in Tefatec was reduced from 51.0% to 30.6%, and Tefatec was no longer included in the scope of the Company's consolidated financial statements.

2. On November 12, 2021, the Company established a new holding subsidiary, Sichuan Hualing Photonics Technology Co.

Ltd. was newly established on 21 January 2012, therefore, the above-mentioned subsidiary was included in the scope of consolidation for the current period.

3. On February 23, 2021, the Company cancelled its controlling grandchild, Shenzhen YuYi Information Technology Company Limited, therefore, this controlling grandchild was not included in the scope of consolidation in the current period.

## VIII. Appointment and dismissal of accounting firms

Accounting firm currently engaged

Name of domestic accounting firm	Baker Tilly International LLP (Special General Partnership)
Compensation of domestic accounting firms (\$ million)	120
Number of consecutive years of audit services by domestic accounting firms	4
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 2 years, Yang Yong 2 years

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) as the auditor of the Company's financial report and the auditor of internal control for the year 2021.

During the year, the Company engaged Great Wall Securities Co., Ltd. as the sponsor in connection with the public offering of convertible bonds. **IX. Exposure to delisting after disclosure of annual report**

☐ Applicable ☒ Not applicable

Not applicable **X.**



Matters relating to  
reorganization in  
bankruptcy

☐ Applicable ☒ Not applicable

There were no matters related to  
bankruptcy reorganization during the  
reporting period. **XI. 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	The case was closed by judgement.	The Company is jointly and severally liable for the debts of Zhongmu Guangdong. The Company acquired the debts and real estate of Zhongmu Guangdong.	The company has transferred the Zhongmou debenture and real estate, and on December 23, 2020, signed the Asset Assignment Contract, 2021 2. Full payment of contract received on 4 April	April 2022 30 days	Company Annual Report 2021
---	-------	----	-----------------------------------	--	--	-----------------------	----------------------------

## XII. Penalties and corrections

☐ Applicable ☒ Not applicable

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

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

☐ Applicable ☒ Not applicable

Not applicable XIV.

## Significant

connected

transactions

### 1. Connected transactions related to daily operations

☒ Applicable ☐ Not applicable

related party	relationships	Type of connected transactions	Content of connected transactions	Principles for pricing	Price of related transactions	Amount of connected transactions	Percentage of the value of similar	Amount of transactions approved	Whether the approved amount	Settlement of connected	Market value of comparable transactions	Date of disclosure	Disclosure Index
---------------	---------------	--------------------------------	-----------------------------------	------------------------	-------------------------------	----------------------------------	------------------------------------	---------------------------------	-----------------------------	-------------------------	---	--------------------	------------------

		ction	ctions	connec ted transa ctions	ctions	(milli on) (\$)	r transa ctions	(\$ mil lion)	is exceed ed	transa ctions	ctions availa ble		
Shenzhen Tefatec Communic ation Technolo gy Co.	Direct ors and office rs of the Compan y as direct ors of affili ated compan ies	Sales of goods	Commun icatio n materi als	Negoti ated between the partie s to the transa ction based on fair market prices	Agreed price after refere nce to market price	288.86		400	deny	As agreed in the contra ct	not applica ble	2021 08 Aug 20 sun	Announ cement on Antici pated Daily Connec ted Transa ctions
Shenzhen Tefatec Communic ation Technolo gy Co.	Direct ors and office rs of the Compan y as direct ors of affili ated compan ies	Procur ement of goods	commun icatio ns equipm ent	Negoti ated between the partie s to the transa ction based on fair market prices	Agreed price after refere nce to market price	7,658.9 8		8,400	deny	As agreed in the contra ct	not applica ble	2021 08 Aug 20 sun	Announ cement on Antici pated Routin e Connec ted Transa ctions
Shenzhen Tefatec Communic ation Technolo gy Co.	Direct ors and office rs of the Compan y as direct ors of affili ated	Commis sioned R&D	Commis sioned R&D	The partie s to the transa ction negoti ate a fair market price to	Agreed price after refere nce to market price	261.96		300	deny	As agreed in the contra ct	not applica ble	2021 08 Aug 20 sun	Announ cement on Antici pated Routin e Connec ted Transa ctions

	compan ies			determ ine				Annual Report 2021				
--	---------------	--	--	---------------	--	--	--	--------------------	--	--	--	--

				fix									
add up the total				--	--	8,209.8	--	9,100	--	--	--	--	--
Details of large sales returns				not									
Actual performance during the reporting period, if any, of routine connected transactions expected to occur during the period in total by category				The actual amount of connected transactions is within the estimated amount of daily connected transactions.									
Reasons for large differences between transaction prices and market reference prices (if applicable)				not									

## 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

Whether there are non-operating related debt transactions

☐ Yes ☒ No

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

## 5. Transactions with finance companies with which there is a relationship

☐ Applicable ☒ Not applicable

There are no deposits, loans, credit facilities or other financial operations between the Company and the finance companies with which it has a relationship and related parties.

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

☐ Applicable ☒ Not applicable

There are no deposits, loans, credit facilities or other financial operations between the Company's controlling finance company and related parties.

## 7. Other significant connected transactions

☐ Applicable ☒ Not  
applicable

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

### Significant 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 leasing revenue of \$110,715,100 in 2021,  
representing 2.4% of operating revenue. Projects 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

Not applicable

Unit: million

External guarantees by the Company and its subsidiaries (excluding 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	Collateral (if any)	Counter-guarantees (as in (Yes))	Guarantee period	Completion of compliance	Whether guarantee for related parties



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	Collateral (if any)	Counter-guarantees (as in (Yes))	Guarantee period	Completion of compliance	Whether guarantee for related parties
Beijing Shenzhou Feiyang Technology Co.	2020 06 16 January	5,000	2020 06 19 January	2,544	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.	2021 08 26 June	5,000	2021 10 14 January		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

						Annual Report 2021	contract		
Sichuan Huatuo Optical Communic ation Co.	2020 06 16 January	2,000	2021 04 06 June	2,000	Joint and several liabilit y guarante e		Two years from the date of expiry of the debtor's period of performa nce under the specific operatio nal contract	deny	be
Chengdu Fourier Electron ic Technolo gy Co.	2021 09 15 January	5,000	2021 10 21 January		Joint and several liabilit y guarante e		Two years from the date of expiry of the debtor's period of performa nce under the specific operatio nal contract	deny	be

Chengdu Fourier Electronic Technology Co.	2021 03 12 December	2,000	2021 03 12 December	2,000	Joint and several liability guarantee	Annual Report 2021	Two years from the date of expiry of the debtor's period of performance under the specific operational contract	deny	be
Changzhou Tefa Huayin Electric Wire	2021 04 16 January	700	2021 04 28th of July	700	Joint and several liability guarantee		From the time the debtor is in compliance with the specific industry	deny	be

Cable Ltd.								The date of expiry of the period for performance of the debt under the contract of service Two years from now		
Changzhou Tefa Huayin Wire & Cable Co.	2021 04 16 January	875	2021 04 22 February	875	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.	2021 05 24 February	6,000	2021 05 24 February	6,000	Joint and several liability guarantee			Two years from the date of expiry of the debtor's period of performance under	deny	be

						Annual Report 2021		the specific operational contract		
Chengdu Fourier Electronic Technology Co.	2021 05 24 February	5,000	2021 05 24 February	5,000	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.	2021 05 24 February	5,000	2021 05 24 February	5,000	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

Changzhou Tefa Huayin Wire & Cable Co.	2021 05 24 February	5,000	2021 05 24 February	2,500	Joint and several liability guarantee	Annual Report 2021	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	2021 05 24 February	3,000	2021 06 21 January	2,000	Joint and several liability guarantee		From the time the debtor is in compliance with the specific industry	deny	be

limited liabilit y company								The date of expiry of the period for performa nce of the debt under the contract of service Two years from now		
Beijing Shenzhou Feiyang Technolo gy Co.	2021 05 24 February	6,000	2021 06 22 February	3,000	Joint and several liabilit y guarante e			Two years from the date of expiry of the debtor's period of performa nce under the specific operatio nal contract	deny	be
Changzho u Tefa Huayin Wire & Cable Co.	2021 04 16 January	1,500	2021 07 21 January	1,500	Joint and several liabilit y guarante e			Two years from the date of expiry of the debtor's period of performa nce under	deny	be

						Annual Report 2021	the specific operational contract		
Chengdu Fourier Electronic Technology Co.	2021 09 15 January	3,000	2021 09 23rd of July	76	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.	2021 09 15 January	5,000	2021 09 18 January	4,976	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 Huatu Optical Communi cation Co.	2021 08 26 June	5,000	2021 10 14 January		Joint and several liabilit y guarante e	Annual Report 2021	Two years from the date of expiry of the debtor's period of performa nce under the specific operatio nal contract	deny	be
Sichuan Huatu Optical Communi cation Unit	2021 11 27th of July	5,000		0	Joint and several liabilit y guarante e		From the time the debtor is in complian ce with the specific industry	deny	be

limited by shares								The date of expiry of the period for performa nce of the debt under the contract of service Two years from now		
Total amount of guarantees to subsidiaries approved during the reporting period (B1)		63,075	Total actual amount incurred for guarantees to subsidiaries during the reporting period (B2)							35,627
Total amount of guarantees to subsidiaries approved at the end of the reporting period (B3)		70,075	Total actual guarantee balances to subsidiaries at the end of the reporting period (B4)							38,172
Guarantees by subsidiaries to subsidiaries										
Name of the person to whom the guaran tee is issued	Date of disclosu re of the announce ment relating to the guarante e amount	Guarantee amount	Actual date of occurrence	Actual amount guaran teed	Type of guarantee	Collateral (if any)	Counte r- guara ntees (as in (Yes)	guarantee period	Completi on of compliance	Whether guarante e for related parties
Total corporate guarantees (i.e., total of the first three major items)										
Total amount of guarantees approved during the		63,075	Total actual amount of guarantees							35,627

reporting period (A1+B1+C1)		incurred during the reporting period (A2+B2+C2)	Annual Report 2021
Total approved guarantees at the end of the reporting period (A3+B3+C3)	70,075	Total actual guarantee balance at the end of the reporting period (A4+B4+C4)	38,172
Total actual guarantees (i.e. A4+B4+C4) as a percentage of the company's net assets			19.31%
Of which.			
Balance of guarantees provided to shareholders, beneficial owners and their related parties (D)			0

### 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	Entrusted financial incurrence	Outstanding balance	Amount overdue for recovery	Impaired amount for overdue collection of financial management
Bank financial products	Own funds	162,422	0	0	0
add up the total		162,422	0	0	0

Specific cases of high-risk entrustments with significant individual amounts or low security and low liquidity

√ Applicable □  
Not applicable

Unit: million

Name of the trustee institution (or name of trustee)	trustee (Type of (or trustee))	Product Type	sum of money	Source of funding	Start date	Expiry date	Investment of funds	Method of determining remuneration	Reference annu alized rate of return	Expected return (If any)	Actual amount of gain or loss for the reporting period	Actual recovery of gains and losses in the reporting period	Amount of provision for impairment (if any)	Whether statutory procedures were followed	Are there any future plans to delegate financial management	Overview of issues and index of related queries (as in (Yes))
Société Générale	banks	guaranteed return	10,000	Self-funded	2021 Year 01 13 January sun	2021 Year 06 21 February sun	Money market instruments	repay principal and interest on maturity	3.85%		168.97	Fully recovered		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
Hua Hing Bank	banks	guaranteed return	5,000	Own funds	2021 Year 01 14 February sun	2021 Year 05 27 February sun	Money market instruments	repay principal and interest on	3.90%		71.06	Fully recovered		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	

								matu	Shenzhen Tefa Information Company Limited Full							
								rity	Annual Report 2021							
Hua Hing Bank	banks	guaranteed return	5,000	Own funds	2021 Year 01 14 February sun	2021 Year 06 21 February sun	Money market instruments	repay principal and interest on maturity	3.90%		84.41	Fully recovered		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
Hua Hing Bank	banks	guaranteed return	5,000	Own funds	2021 Year 01 14 February sun	2021 Year 08 December sun	Money market instruments	repay principal and interest on maturity	3.90%		112.19	Fully recovered		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
Hua Hing Bank	banks	guaranteed return	5,000	Own funds	2021 Year 01 14 February sun	2021 Year 08 December sun	Money market instruments	repay principal and interest on maturity	3.90%		112.19	Fully recovered		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
Hua Hing	banks	guaranteed	5,000	Own fund	2021 Year 01	2021 Year 08	money	repay	3.90%		112.19	Received		be	Actual use of funds	

Bank		return		s			mark	prin	Shenzhen Tefa Information Company Limited Full						
							et	cipa	Annual Report	2021	full			will be	
								l on						based on	
								matu							
								rity							

					14 Februar y sun	Decem ber sun	tools	pay intere st				time			In view of the situation, it is planned to implement bank management for the temporarily idle funds Finance.	
Hua Hing Bank	banks	guaran teed return	5,000	Own fund s	2021 Year 01 14 Februar y sun	2021 Year 08 Decem ber sun	Mone y mark et inst rume nts	repa y prin cipa l and inte rest on matu rity	3.90%		112.19	Full y reco vere d		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
Hua Hing Bank	banks	guaran teed return	5,000	Own fund s	2021 Year 01 14 Februar y sun	2021 Year 01 21 Februar y sun	Mone y mark et inst rume nts	repa y prin cipa l and inte rest on matu rity	3.50%		3.36	Full y reco vere d		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
Hua Hing Bank	banks	guaran teed return	5,000	Own fund s	2021 Year 01 14 Februar y sun	2021 Year 01 21 Februar y sun	Mone y mark et inst	repa y prin cipa l	3.50%		3.36	Full y reco vere d		be	Depending on the actual use of the funds, it is planned that the temporarily	

							rumen ts	and inte rest on matu rity	Annual Report	2021				idle funds will be banked.		
Hua Hing Bank	banks	guaran teed return	5,000	Self - fund ed	2021 Year 01 14 Februar y sun	2021 Year 02 24 Februar y sun	Mone y mark et inst rume nts	repa y prin cipa l and inte rest on matu rity	3.50%		19.66	Full y reco vere d		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
Hua Hing Bank	banks	guaran teed return	5,000	Self - fund ed	2021 Year 01 14 Februar y sun	2021 Year 02 25 June sun	Mone y mark et inst rume nts	repa y prin cipa l and inte rest on matu rity	3.50%		20.14	Full y reco vere d		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
Hua Hing Bank	banks	guaran teed return	5,000	Own fund s	2021 Year 01 14 Februar y sun	2021 Year 02 25 June sun	Mone y mark et inst rume nts	repa y prin cipa l and inte rest on matu rity	3.50%		20.14	Full y reco vere d		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	



Hua Hing Bank	banks	guaranteed return	5,000	Own funds	2021 Year 01	2021 Year 03	money market	repayment principal on maturity	3.50%	Annual Report	27.33	2021 Received in full		be	Actual use of funds will be based on	
---------------	-------	-------------------	-------	-----------	--------------	--------------	--------------	---------------------------------	-------	---------------	-------	-----------------------	--	----	--------------------------------------	--

					14 Februar y sun	Decem ber sun	tools	pay inter est				time			In view of the situation, it is planned to implement bank management for the temporarily idle funds Finance.	
Hua Hing Bank	banks	guaran teed return	5,000	Own fund s	2021 Year 01 14 Februar y sun	2021 Year 03 31 March sun	Mone y mark et inst rume nts	repa y prin cipa l and inte rest on matu rity	3.50%		36.44	Full y reco vere d		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
Hua Hing Bank	banks	guaran teed return	5,000	Own fund s	2021 Year 01 14 Februar y sun	2021 Year 06 21 Februar y sun	Mone y mark et inst rume nts	repa y prin cipa l and inte rest on matu rity	3.50%		75.75	Full y reco vere d		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
Hua Hing Bank	banks	guaran teed return	5,000	Self - fund ed	2021 Year 01 14 Februar y sun	2021 Year 06 21 Februar y sun	Mone y mark et inst	repa y prin cipa l	3.50%		75.75	Full y reco vere d		be	Depending on the actual use of the funds, it is planned that the temporarily	

							rumen	and	Annual	Report	2021			idle funds		
							nts	inte						will be		
							rest	on						banked.		
							matu	rity								
Hua Hing Bank	banks	guaranteed return	5,000	Own funds	2021 Year 01 14 February sun	2021 Year 06 21 February sun	Money market instruments	repayment principal and interest on maturity	3.50%		75.75	Fully recovered		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
Hua Hing Bank	banks	guaranteed return	8,900	Own funds	2021 Year 01 14 February sun	2021 Year 05 24 February sun	Money market instruments	repayment principal and interest on maturity	3.50%		110.95	Fully recovered		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
Bank of China (BoC)	banks	guaranteed return	1,000	Self-funded	2021 Year 01 19 January sun	2021 Year 05 20 months sun	Money market instruments	repayment principal and interest on maturity	3.50%		11.76	Fully recovered		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	

Bank of China (BoC)	banks	guaranteed return	1,000	Self – funded	2021 Year 01	2021 Year 05	money market	repayment principal on maturity	3.50%	Annual Report	11.86	2021 Received in full		be	Actual use of funds will be based on	
---------------------	-------	-------------------	-------	---------------	--------------	--------------	--------------	---------------------------------	-------	---------------	-------	-----------------------	--	----	--------------------------------------	--

					19 January sun	21 February sun	tools	pay interest				time			In view of the situation, it is planned to implement bank management for the temporarily idle funds Finance.	
Bank of China (BoC)	banks	guaranteed return	1,000	Own funds	2021 Year 01 19 January sun	2021 Year 06 25 June sun	Money market instruments	repay principal and interest on maturity	3.50%		15.17	Fully recovered		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
Bank of China (BoC)	banks	guaranteed return	1,000	Self-funded	2021 Year 01 19 January sun	2021 Year 06 25 June sun	Money market instruments	repay principal and interest on maturity	3.50%		15.17	Fully recovered		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
Bank of China (BoC)	banks	guaranteed return	1,000	Self-funded	2021 Year 01 19 January sun	2021 Year 06 25 June sun	Money market instruments	repay principal	3.50%		15.17	Fully recovered		be	Depending on the actual use of the funds, it is planned that the temporarily	

)							ments	and interest on maturity	Annual Report	2021				idle funds will be banked.	
Bank of China (BoC)	banks	guaranteed return	1,000	Self – funded	2021 Year 01 19 January sun	2021 Year 06 25 February sun	Money market instrument	repayment principal and interest on maturity	3.50%		15.17	Full recovery	be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
Bank of China (BoC)	banks	guaranteed return	1,000	Self – funded	2021 Year 01 19 January sun	2021 Year 06 25 June sun	Money market instrument	repayment principal and interest on maturity	3.50%		15.17	Full recovery	be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
Bank of China (BoC)	banks	guaranteed return	1,000	Self – funded	2021 Year 01 19 January sun	2021 Year 07 05 Month sun	Money market instrument	repayment principal and interest on maturity	3.50%		16.14	Full recovery	be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	

Bank of China (BoC)	banks	guaranteed return	1,000	Self – funded	2021 Year 01	2021 Year 07	money market	repayment principal on maturity	3.50%	Annual Report	16.14	2021 Received in full		be	Actual use of funds will be based on	
---------------------	-------	-------------------	-------	---------------	--------------	--------------	--------------	---------------------------------	-------	---------------	-------	-----------------------	--	----	--------------------------------------	--

					19 January sun	Month 05 sun	tools	pay interest				time			In view of the situation, it is planned to implement bank management for the temporarily idle funds Finance.	
Bank of China (BoC)	banks	guaranteed return	1,000	Own funds	2021 Year 01 19 January sun	2021 Year 08 Month 09 sun	Money market instruments	repay principal and interest on maturity	3.50%		19.48	Fully recovered		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
China CITI Bank	banks	guaranteed return	1,000	Own funds	2021 Year 01 20 months sun	2021 Year 07 20 months sun	Money market instruments	repay principal and interest on maturity	3.50%		17.5	Fully recovered		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
China CITI Bank	banks	guaranteed return	1,000	Self-funded	2021 Year 01 20 months sun	2021 Year 07 20 months sun	Money market instruments	repay principal	3.50%		17.5	Fully recovered		be	Depending on the actual use of the funds, it is planned that the temporarily	



							rumen	and	Annual Report	2021			idle funds will be banked.	
							nts	inte						
							rest	on						
							matu	rity						
Chin	banks	guaran	1,000	Own	2021	2021	Mone	repa	3.50%		17.5	Full	be	Depending on
a		teed		fund	Year 01	Year 07	y	y			y	reco		the actual
CITI		return		s	20 months	20 months	mark	prin			vere	d		use of the
C					sun	sun	et	cipa						funds, it is
Bank							inst	l						planned that
							rume	and						the
							nts	inte						temporarily
								rest						idle funds
								on						will be
								matu						banked.
								rity						
Chin	banks	guaran	1,000	Own	2021	2021	Mone	repa	3.50%		17.5	Full	be	Depending on
a		teed		fund	Year 01	Year 07	y	y			y	reco		the actual
CITI		return		s	20 months	20 months	mark	prin			vere	d		use of the
C					sun	sun	et	cipa						funds, it is
Bank							inst	l						planned that
							rume	and						the
							nts	inte						temporarily
								rest						idle funds
								on						will be
								matu						banked.
								rity						
Chin	banks	guaran	1,000	Self	2021	2021	Mone	repa	3.50%		17.5	Full	be	Depending on
a		teed		-	Year 01	Year 07	y	y			y	reco		the actual
CITI		return		fund	20 months	20 months	mark	prin			vere	d		use of the
C				ed	sun	sun	et	cipa						funds, it is
Bank							inst	l						planned that
							rume	and						the
							nts	inte						temporarily
								rest						idle funds
								on						will be
								matu						banked.
								rity						

China CITI Bank	banks	guaranteed return	1,000	Own funds	2021 Year 01	2021 Year 07	money market	repayment principal on maturity	3.50%	Annual Report	17.5	2021 Received in full		be	Actual use of funds will be based on	
-----------------	-------	-------------------	-------	-----------	--------------	--------------	--------------	---------------------------------	-------	---------------	------	-----------------------	--	----	--------------------------------------	--

					20 months sun	20 months sun	tools	pay interest				time			In view of the situation, it is planned to implement bank management for the temporarily idle funds Finance.	
Chin a CITI C Bank	banks	guaran teed return	1,000	Own fund s	2021 Year 01 20 months sun	2021 Year 07 20 months sun	Mone y mark et inst rume nts	repa y prin cipa l and inte rest on matu rity	3.50%		17.5	Full y reco vere d		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
Chin a CITI C Bank	banks	guaran teed return	1,000	Own fund s	2021 Year 01 20 months sun	2021 Year 07 20 months sun	Mone y mark et inst rume nts	repa y prin cipa l and inte rest on matu rity	3.50%		17.5	Full y reco vere d		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
Chin a CITI C Bank	banks	guaran teed return	1,000	Own fund s	2021 Year 01 20 months sun	2021 Year 07 20 months sun	Mone y mark et inst rume nts	repa y prin cipa l and inte rest on matu rity	3.50%		17.5	Full y reco vere d		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	

							rumen	and	Annual Report	2021			idle funds	
							nts	inte					will be	
							rest	on					banked.	
							matu	rity						
Chin	banks	guaran	1,000	Own	2021	2021	Mone	repa	3.50%	17.5	Full	be	Depending on	
a		teed		fund	Year 01	Year 07	y	y			y		the actual	
CITI		return		s	20 months	20 months	mark	prin			reco		use of the	
C					sun	sun	et	cipa			vere		funds, it is	
Bank							inst	l			d		planned that	
							rume	and					the	
							nts	inte					temporarily	
								rest					idle funds	
								on					will be	
								matu					banked.	
								rity						
Bank	banks	guaran	5,000	Self	2021	2021	Mone	repa	3.98%	82.92	Full	be	Depending on	
of		teed		-	Year 01	Year 06	y	y			y		the actual	
Jian		return		fund	21 Februar	21 Februar	mark	prin			reco		use of the	
gsu				ed	y sun	y sun	et	cipa			vere		funds, it is	
							inst	l			d		planned that	
							rume	and					the	
							nts	inte					temporarily	
								rest					idle funds	
								on					will be	
								matu					banked.	
								rity						
Bank	banks	guaran	5,000	Own	2021	2021	Mone	repa	3.98%	83.36	Full	be	Depending on	
of		teed		fund	Year 01	Year 06	y	y			y		the actual	
Jian		return		s	21 Februar	23 March	mark	prin			reco		use of the	
gsu					y sun	sun	et	cipa			vere		funds, it is	
							inst	l			d		planned that	
							rume	and					the	
							nts	inte					temporarily	
								rest					idle funds	
								on					will be	
								matu					banked.	
								rity						

Bank of Jiangsu	banks	guaranteed return	5,000	Self – funded	2021 Year 01	2021 Year 08	money market	repayment principal on maturity	3.98%	Annual Report	99.72	2021 Received in full		be	Actual use of funds will be based on	
-----------------	-------	-------------------	-------	---------------	--------------	--------------	--------------	---------------------------------	-------	---------------	-------	-----------------------	--	----	--------------------------------------	--

					21 Februar y sun	Decem ber sun	tools	pay inter est				time			In view of the situation, it is planned to implement bank management for the temporarily idle funds Finance.	
Bank of Jian gsu	banks	guaran teed return	5,000	Own fund s	2021 Year 01 21 Februar y sun	2021 Year 07 Month 09 sun	Mone y mark et inst rume nts	repa y prin cipa l and inte rest on matu rity	3.98%		92.87	Full y reco vere d		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
Bank of Jian gsu	banks	guaran teed return	5,000	Own fund s	2021 Year 01 21 Februar y sun	2021 Year 08 17 Februar y sun	Mone y mark et inst rume nts	repa y prin cipa l and inte rest on matu rity	3.98%		110.03	Full y reco vere d		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
Bank of Jian gsu	banks	guaran teed return	5,000	Own fund s	2021 Year 01 22 Februar y sun	2021 Year 08 20 months sun	Mone y mark et inst	repa y prin cipa l	3.98%		115.86	Full y reco vere d		be	Depending on the actual use of the funds, it is planned that the temporarily	

							rumen ts	and inte rest on matu rity		Annual Report	2021				idle funds will be banked.	
Ping An Bank	banks	guaran teed return	3,000	Self - fund ed	2021 Year 03 October sun	2021 Year 06 October sun	Money market instru ments	repay prin cipal and inte rest on matu rity	3.70%		28.37	Full y reco vere d		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
Bank of Ning bo	banks	capita l protec ted floati ng income	1,000	Own fund s	2021 Year 01 21 Februar y sun	2021 Year 02 22 January sun	Money market instru ments	repay prin cipal and inte rest on matu rity	3.15%		2.76	Full y reco vere d		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
Chin a Merc hant s Bank (or inve stme nt bank )	banks	capita l protec ted floati ng income	1,200	Self - fund ed	2021 Year 01 Month 06 sun	2021 Year 03 31 March sun	Money market instru ments	repay prin cipal and inte rest on matu rity	2.70%		4.5	Full y reco vere d		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	

Bank of Nanjing	banks	capital protected floating income	1,000	Own funds	2021 Year 01	2021 Year 02	money market	repayment principal on maturity	3.30%	Annual Report	1.17	2021 Received in full		be	Actual use of funds will be based on	
-----------------	-------	-----------------------------------	-------	-----------	--------------	--------------	--------------	---------------------------------	-------	---------------	------	-----------------------	--	----	--------------------------------------	--



					Month 08 sun	Month 05 sun	tools	pay interest				time			In view of the situation, it is planned to implement bank management for the temporarily idle funds Finance.	
Bank of Nanj ing	banks	capita l protec ted floati ng income	1,000	Own fund s	2021 Year 01 Month 08 sun	2021 Year 02 Month 05 sun	Mone y mark et inst rume nts	repa y prin cipa l and inte rest on matu rity	3.30%		2.57	Full y reco vere d		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
Bank of Nanj ing	banks	capita l protec ted floati ng income	2,000	Own fund s	2021 Year 01 Month 08 sun	2021 Year 02 Month 05 sun	Mone y mark et inst rume nts	repa y prin cipa l and inte rest on matu rity	3.30%		5.13	Full y reco vere d		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
Chin a Merc hant s	banks	capita l protec ted floati	700	Own fund s	2021 Year 02 25 Februar y sun	2021 Year 03 30 June sun	Mone y mark et inst	repa y prin cipa l	2.90%		1.65	Full y reco vere d		be	Depending on the actual use of the funds, it is planned that the temporarily	

Bank (or inve stme nt bank )		ng income					rume nts	and inte rest on matu rity		Annual Report	2021			idle funds will be banked.	
Ever brigh t Bank	banks	floati ng- income wealth manage ment	1	Own fund s	2021 Year 08 Month 03 sun	2021 Year 08 31 March sun	Mone y mark et inst rume nts	repa y prin cipa l and inte rest on matu rity	2.80%		0	Full y reco vere d	be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
Ever brigh t Bank	banks	floati ng- income wealth manage ment	1	Own fund s	2021 Year 08 Month 03 sun	2021 Year 08 31 March sun	Mone y mark et inst rume nts	repa y prin cipa l and inte rest on matu rity	2.80%		0	Full y reco vere d	be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
Qing dao Bank	banks	capita l protec ted floati ng income	600	Self - fund ed	2021 Year 01 Month 08 sun	2021 Year 01 29 Februar y sun	Mone y mark et inst rume nts	repa y prin cipa l and inte rest on matu rity	2.45%		0.85	Full y reco vere d	be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	

Bank of China (BoC)	banks	capital protected floating income	320	Self – funded	2021 Year 07	2021 Year 08	money market	repayment principal on maturity	3.18%	Annual Report	0.98	2021 Received in full		be	Actual use of funds will be based on	
---------------------	-------	-----------------------------------	-----	---------------	--------------	--------------	--------------	---------------------------------	-------	---------------	------	-----------------------	--	----	--------------------------------------	--

					Decem ber sun	16 June sun	tools	pay inter est				time			In view of the situation, it is planned to implement bank management for the temporarily idle funds Finance.	
Bank of Chin a (BoC )	banks	capita l protec ted floati ng income	450	Self - fund ed	2021 Year 08 23 March sun	2021 Year 09 23 March sun	Mone y mark et inst rume nts	repa y prin cipa l and inte rest on matu rity	3.07%		1.33	Full y reco vere d		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
Qing dao Bank	banks	capita l protec ted floati ng income	350	Self - fund ed	2021 Year 09 Month 07 sun	2021 10 years November sun	Mone y mark et inst rume nts	repa y prin cipa l and inte rest on matu rity	3.06%		1	Full y reco vere d		be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
Qing dao Bank	banks	capita l protec ted floati	450	Own fund s	2021 Year 09 27 Februar y sun	2021 10 years 27 Februar y sun	Mone y mark et inst	repa y prin cipa l	3.00%		1.15	Full y reco vere d		be	Depending on the actual use of the funds, it is planned that the temporarily	

		ng income					rume nts	and inte rest on matu rity	Annual Report	2021				idle funds will be banked.	
Qing dao Bank	banks	capita l protec ted floati ng income	400	Own fund s	2021 10 years 15 Februar y sun	2021 The followi ng table shows the number of cases in which the Governm ent of the United States of America has been able to obtain the necessa ry informa tion for the impleme ntation of the Convent ion 14 Februar y sun	Mone y mark et inst rume nts	repa y prin cipa l and inte rest on matu rity	3.00%		1.97	Full y reco vere d	be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	
Qing dao Bank	banks	capita l protec ted floati ng income	350	Own fund s	2021 11 Novem ber 2009 Month 08 sun	2021 The followi ng table shows the number of cases in which	Mone y mark et inst rume nts	repa y prin cipa l and inte rest	3.05%		0.91	Full y reco vere d	be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be	

						the Government of the United States of America has been able to obtain the necessary information for the implementation of the Convention Month 09 sun		on maturity		Annual Report 2021				banked.	
Qingdao Bank	banks	capital protected floating income	350	Own funds	2021 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	2021 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	Money market instruments	repayment principal and interest on maturity	2.70%		0.39	Fully recovered	be	Depending on the actual use of the funds, it is planned that the temporarily idle funds will be banked.	

					ion 13 June sun	ion 28 June sun			Annual Report	2021				
Qing dao Bank	banks	capita l protec ted floati ng income	350	Self - fund ed	2021 The followi ng table shows the number of cases in which the Governm ent of the United States of America has been able to obtain the necessa ry informa tion for the impleme ntation of the Convent ion	2021 The followi ng table shows the number of cases in which the Governm ent of the United States of America has been able to obtain the necessa ry informa tion for the impleme ntation of the Convent ion	money mark et	repa y prin cipa l on matu rity	2.50%	0.17	Rece ived in full	be	Actual use of funds will be based on	

					15 June sun	22 January sun	tools	pay interest				time			In view of the situation, it is planned to implement bank management for the temporarily idle funds Finance.	
add up the total			162,422	-	-	-	-	-	-	0	2,207.65	-		-	-	-

There is an expectation that the principal will not be recovered or there are other circumstances that may lead to an 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. Other major contracts

☒ Applicable ☐ Not applicable

Name of the company party to the contract	Name of contract party	Subject matter of the contract	Date of contract	Carrying value of assets covered by the contract (\$ million) (e.g. (Yes))	Appraised value of assets involved in the contract (\$ million) (e.g. (Yes))	Name of assessment body (if any)	Assessment base date (if any)	pricing principle	Transaction price (\$ million)	Whether related transactions	Relationships	Status of implementation as at the end of the reporting period	Date of disclosure	Disclosure Index
---	------------------------	--------------------------------	------------------	--	--	----------------------------------	-------------------------------	-------------------	--------------------------------	------------------------------	---------------	--	--------------------	------------------



Annual Report 2021														
Pengcheng Laboratory	Shenzhen Tefa Information Co., Ltd. and Shenzhen Smart City Technology Development Group Co.	Pengcheng Cloud Brain II Extension Project Information Technology Project Phase I	2020 17 November sun			not	2020 03 months 31 March	Consultations between the parties	281,750	deny	not	Under implementation	2020 December 05 Day	Announcement of Signing of Major Contracts
Xuchang Kunpeng Artificial Intelligence Computing Co.	Shenzhen Tefa Information Company Limited, Shanghai Architectural Design and Research Institute Company Limited, China Water Conservancy and Hydropower Third Engineering Bureau Co.	Central Plains Artificial Intelligence Computing Center Project	2021 05 months 31 March			not		Consultations between the parties	47,360.92	deny	not	Under implementation		

xvi. notes on other significant matters

√ Applicable □ Not applicable

1. According to the registration permit issued by the China Securities Regulatory Commission (CSRC), "Approval for the Registration of the Public Issue of Corporate Bonds to Professional Investors by Shenzhen Tefa Information Company Limited" (CSRC License [2020] No. 2063), on 24 March 2021, the Company issued "Shenzhen Tefa Information Company Limited Public Issue of Corporate Bonds to Professional Investors in 2021 (Phase I)". On 24 March 2021, the Company issued "Shenzhen Tefa Information Co.

The issue size is 100 million yuan. On 8 April 2021, the first issue of corporate bonds was listed for bilateral trading on the centralized bidding system and the integrated agreement trading platform of the Shenzhen Stock Exchange, and traded for institutional investors among professional investors, with the abbreviation of 21 Teixin 01 and the code of 149427. On 19 October 2021, the Company issued "Shenzhen Tefa Information Co. Ltd. 2021 Public Issue of Corporate Bonds for Professional Investors (Phase II)", with the abbreviation of "21 Teixin 02", bond code 149665, 3-year term and issue size of 300 million yuan; the abbreviation of "21 Teixin 03", bond code 149665, and bond code 149427. The second tranche of corporate bonds will be issued in 2021. The second issue of corporate bonds was listed for bilateral trading on the centralized bidding system and the integrated trading platform of the Shenzhen Stock Exchange on 27 October 2021, and was open to professional investors for trading. For details, please refer to the relevant announcements of the Company published on Juchao Information Website on 7 April 2021 and 26 October 2021 respectively.

2. As approved by the Seventh Fortieth Meeting of the Board of Directors and the Seventh Sixteenth Meeting of the Supervisory Board, the Company redeemed in full the 2018 The "Tefa Convertible Bonds", a convertible corporate bond publicly issued in 2011, have been listed on the Shenzhen Stock Exchange since March 15, 2021.

The Company has been delisted from the Stock Exchange. For details, please refer to the "Announcement on the Redemption Result of "Tefa Convertible Bonds" and "Announcement on the Delisting of "Tefa Convertible Bonds" published on Securities Times and Juchao Information Website on 13 March 2021.

3. The Board of Directors and the General Meeting of Shareholders of the Company have considered

and approved the conversion of the convertible bonds of the Company "Tefa to 2" from 14 December 2021 onwards.

The conversion price was revised downward from RMB12.33 per share to RMB7.33 per share. For details, please refer to the Company's announcement dated 14 December 2021.

Announcement on Downward Revision of Conversion Price of Convertible Corporate Bonds" published on Securities Times and Juchao Information Website on Sunday.

4. As considered and approved at the Seventh Thirty-fourth Meeting of the Board of Directors of the Company, the Company transferred 20.4% equity interest in Tefatec by way of public listing on Shenzhen United Property Rights Exchange to introduce a strategic investor, Beijing Hongshan Information Technology Research Institute Co. After the completion of this equity transfer, the Company's shareholding ratio in Tefatec will be reduced from 51.0% to 30.6% and Tefatec will no longer be included in the scope of the Company's consolidated statements. For details, please refer to the "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 in Securities Times and Juchao Information Website on 25 September 2020 and 9 January 2021 respectively. During the reporting period, Tefatec has completed the change of business registration.

5. As of 31 December 2021, the Company's investments in Shenzhen Yuanzhi Fuhai Information Industry M&A Investment Enterprise (Limited Partnership), in which the Company participated, were in Shangda Electronics (Shenzhen) Company Limited, Xi'an Xingtong Communication Technology Company Limited and Shenzhen Zhucheng Technology Company Limited through Shenzhen Yuanzhi Fuhai No. 12 Investment Enterprise (Limited Partnership).

6. On September 15, 2021, as considered and approved at the sixth meeting of the eighth session of the Board of Directors of the Company, the Company and Tefa Fuhai Equity

Ltd. and 7 other partners jointly invested in the establishment of "Shaanxi Tefa Maple Venture Capital Partnership

(Limited Partnership)". The Fund mainly invests in the electronics industry, electronic information (integrated circuit) high-end equipment manufacturing and new materials by means of equity investment and other means permitted by laws and regulations. The total capital contribution of the Fund is RMB10,000,000, of which the Company has contributed RMB10,000,000 as a limited partner.

**xvii. material matters of the company's subsidiaries**

☒ Applicable ☐ Not applicable

1. As considered and approved at the Seventh Forty-second Meeting of the Board of Directors of the Company, it was agreed that Data Technology, a subsidiary of the Company, would invest in the construction of a data center project in Xi'an with a total investment of RMB 140 million. (hereinafter referred to as "Qianxi Yun") to jointly inject capital to establish a joint venture company to undertake the construction and operation of the project. The registered capital of the joint venture company is RMB30 million, of which Data Technology holds 51.0% and Qianxiyun holds 49.0%. For details, please refer to the Company's Announcement of Resolutions of the Seventh Forty-second Meeting of the Board of Directors" published on Securities Times and Juchao Information Website on 12 March 2021. During the reporting period, the construction of the project was affected by the epidemic in Xi'an and the progress was delayed. Data Technology will take all measures to snatch back the progress and strive to complete the construction on schedule.

2. As considered and approved at the Seventh Meeting of the Eighth Session of the Board of Directors of the Company, it was agreed that Tefa Huayin, a holding subsidiary of the Company, would participate in the bidding for the purchase of "land, buildings, structures and ancillary facilities owned by Jiangsu Sugdas Aluminum Alloy Technology Co. For details, please refer to the "Resolution of the Eighth Seventh Meeting of the Board of Directors" published in the Securities Times and Juchao Information Website on September 27, 2021

Announcement". During the reporting period, Tefa Huayin completed the auction at a price of not more than RMB120 million.

3. As considered and approved at the tenth meeting of the eighth session of the Board of Directors of the Company, it was agreed that Sichuan Huatuo, a holding subsidiary of the Company, would establish a wholly-owned subsidiary in Jiangyou City, Sichuan Province, with a registered capital of RMB 20 million, and that the wholly-owned subsidiary would be responsible for implementing the expansion project and investing in the construction of high

End-to-end optical module intelligent manufacturing base. The total investment of the expansion project is RMB98.77 million. For details, please refer to the Company's 2021 Announcement of Resolutions of the Eighth Tenth Meeting of the Board of Directors" published in the Securities Times and Juchao Information Website on 9 November. The project proceeded normally during the reporting period and the signing of the preliminary contract was completed.

## Section VII. 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	21,334,351	2.61%				56,324	56,324	21,390,675	2.53%
1. State ownership									
2. State-owned legal person shareholding									
3. Other domestic holdings	21,334,351	2.61%				56,324	56,324	21,390,675	2.53%
Of which: shares held by domestic legal persons									
Domestic natural person shareholding	21,334,351	2.61%				56,324	56,324	21,390,675	2.53%
4. Foreign shareholding									
Of which: shares held by foreign legal persons									
Foreign natural person shareholding									
II. Shares with unlimited sale conditions	795,243,815	97.39%				27,944,468	27,944,468	823,188,283	97.47%
1. RMB ordinary shares	795,243,815	97.39%				27,944,468	27,944,468	823,188,283	97.47%
2. Domestically listed foreign shares									
3. Foreign shares listed abroad									

4. Other					Annual Report 2021			
III. Total number of shares	816,578,166	100.00%	0	0	0	28,000,792	28,000,792	844,578,958 100.00%

Reasons for change in shares

☒ Applicable ☐ Not applicable

The Company's "Tefa Convertible Bonds" publicly issued in 2018 have entered into the conversion period since 22 May 2019, in view of the fact that the "Tefa Convertible Bonds" triggering the conditional redemption clause agreed in its Prospectus, approved by the Company's Board of Directors and Supervisory Board, on March 2021

The bonds will be redeemed in advance on 5 March and delisted from the Shenzhen Stock Exchange from 15 March 2021. The initial conversion price of the "Tefa Convertible Bonds" was RMB6.78 per share, which was adjusted to RMB5.54 per share after the implementation of the Company's equity distribution plan for 2018 and 2019 respectively. During the reporting period, the number of "Tefa Convertible Bonds" converted was 9,723,226 shares.

The Company's 2020 convertible bonds "Tefa to 2" will enter into the conversion period from 18 February 2021, with the initial conversion

The price was RMB12.33 per share. During the reporting period, the number of "Tefa to 2" shares converted was 18,277,566 shares.

In summary, the Company's share capital  
will be increased by 28,000,792 shares in  
2021. Approval of share changes

☐ Applicable ☒

Not applicable

Transfer of  
changes in shares

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

During the reporting period, the total share capital of the Company increased from  
816,578,166 shares to 844,578,958 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

Unit: Unit

Name of shareholder	Number of restricted	Increase in the	Number of shares	Number of restricted	Reason for restriction	date of unrestricted sale
------------------------	-------------------------	--------------------	---------------------	-------------------------	---------------------------	------------------------------



der	shares at the beginning of the period	number of restricted shares during the period	released from restricted sale during the period	shares at the end of the period	of sale	
Chen Chuanrong	11,665,908	0	0	11,665,908	non-public offering with restrictions on sale	Upon completion of the 2019 performance commitment compensation 5,832,954 shares to be released from restricted sale. Proposed release of restricted sales on 18 May 2021 Shares 5832954 shares.
TAI WING	7,282,267	0	0	7,282,267	non-public offering with restrictions on sale	Release of Restricted Sale on 13 January 2022 3641134 shares; March 10, 2022 The restriction on the sale of 3,641,133 shares was lifted on the date of release.
dark and blue	1,888,774	0	0	1,888,774	non-public offering with restrictions on sale	Release of Restricted Sale on 13 January 2022 944387 shares; March 10, 2022 944,387 shares were released from restricted sale.
Lin Feng	314,796	0	0	314,796	non-public offering with restrictions on sale	Release of Restricted Sale on 13 January 2022 157398 shares; 10 March 2022 Release of 157,398 shares from restricted sale.

Jiang Qinqian (1929-), leading PRC politician	45,221	15,074	0	60,295	Executive shareholding lock-up	Leaving at the end of the term, unlocked according to the relevant rules
Liu Yang	13,500	4,500	0	18,000	Executive shareholding lock-up	Leaving at the end of the term, unlocked according to the relevant rules
Luo Tao	20,250	6,750	0	27,000	Executive shareholding lock-up	Leaving at the end of the term, unlocked according to the relevant rules
Zhang Dajun	13,635	0	0	13,635	Executive shareholding lock-up	Unlocked according to the relevant rules
Yang Hongyu	90,000	30,000	0	120,000	Executive shareholding lock-up	Out of office, unlocked according to relevant rules
add up the total	21,334,351	56,324	0	21,390,675	--	--

## 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 "Tefa Convertible Bonds" publicly issued in 2018 will enter the conversion period from May 22, 2019 to March 5, 2021.

In 2021, the number of convertible bonds will be 9,723,226 shares. The Company's convertible bonds to be publicly issued in 2020

The conversion period of "Tefa Conversion 2" starts from February 18, 2021 and the number of "Tefa Conversion 2" will be 18,277,566 shares in 2021.

The Company increased its share capital by 28,000,792 shares in 2021. The total share capital of the Company increased from 816,578,166 shares to 844,578,958 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 shareholding of the Company

Unit: Unit

Total number of ordinary shareholders at the end of the reporting period	62,247	Total number of ordinary shareholders at the end of the previous month prior to the date of disclosure of the annual report	61,322	Total number of preference shareholders with voting rights restored at the end of the reporting period, if any (see Note 8)	0	Total number of preferred shareholders whose voting rights were restored at the end of the previous month prior to the date of disclosure of the annual report, if any (see note 8)	0
Shareholders holding more than 5% or the top 10 shareholders' shareholdings							
Name of shareholder	Nature of shareholder	Shareholding ratio	Held at the end of the reporting period	report period	Held for limited sale	Holding Unlimited Sales	Pledges, tags or freezes

			Number of shares	intern l increas e or decreas e Change s	Number of shares subject to conditi ons	Number of shares subject to conditi ons	Share Status	quantiti es
Shenzhen Tefa Group Co.	State-owned legal persons	37.07%	313,086,853		0	313,086,853		
Minmetals Enterprise Wing Limited	Offshore legal persons	2.38%	20,112,000		0	20,112,000		
Chen Chuanrong	Domestic natural persons	1.49%	12,574,908		11,665,908	909,000	pledges	12,574,908
Han Guo Sanwa Co.	Offshore legal persons	1.17%	9,903,504		0	9,903,504		
TAI WING	Domestic natural persons	0.87%	7,321,080		7,282,267	38,813		
Hong Kong Securities Clearing Company Limited	Offshore legal persons )	0.74%	6,224,638		0	6,224,638		
dark and blue	Domestic natural persons	0.39%	3,286,036		1,888,774	1,397,262		
Congo, Vietnam	Domestic natural persons	0.32%	2,674,400		0			
forest (loanword)	Domestic natural persons	0.31%	2,593,598		0			
Guangzhou Haomeng Computer Technology Co.	Domestic non-state legal persons	0.29%	2,487,102		0			
Strategic investors or general legal entities becoming top 10 shareholders as a result of the placement of new shares (if any) (see note 3)	not							
Description of the relationship or concerted	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 unknown whether the other shareholders are related and							

Shenzhen Tefa Information Company Limited 2021 Annual Report 2021

action of the above shareholders	whether they are parties acting in concert as stipulated in the "Measures for the Administration of Takeovers of Listed Companies".		
Description of the above-mentioned shareholders involved in proxy/trustee voting rights, abstention of voting rights	not		
Special note on the existence of repurchase special accounts among the top 10 shareholders, if any (see Note 10)	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.	313,086,853	RMB ordinary shares	313,086,853
Minmetals Enterprise Wing Limited	2,011,200	RMB ordinary shares	2,011,200
Han Guo Sanwa Co.	9,903,504	RMB ordinary shares	9,903,504
Hong Kong Securities Clearing Company Limited	6,224,638	RMB ordinary shares	6,224,638
Congo, Vietnam	2,674,400	RMB ordinary shares	2,674,400
Zhou Lin	2,593,598	RMB ordinary shares	2,593,598

Guangzhou Haomeng Computer Technology Co.	2,487,102	RMB ordinary shares	2,487,102
Kim Yong (1912-), South Korean politician	1,910,000	RMB ordinary shares	1,910,000
Sambo	1,700,000	RMB ordinary shares	1,700,000
Fan Yimin	1,693,714	RMB ordinary shares	1,693,714
among the top 10 shareholders with unlimited shares outstanding. and the top 10 shareholders with unlimited shares outstanding and Description of the relationship or concerted action among 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 unknown whether the other shareholders are related and whether they are parties acting in concert as stipulated in the "Measures for the Administration of Takeovers of Listed Companies".		
Participation of the top 10 common shareholders in the financing facility Description of operations (if any) (see Note 4)	The shareholder, Guan Haiguo, held 2,385,500 shares through a client credit trading guaranteed securities account with China Zhongjin Fortune Securities Co. Ltd. held 2,487,102 shares through a client credit trading guaranteed securities account with Guotai Junan Securities Co.		

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	91440300192194195C	Investment in the establishment of industries (specific projects to be declared separately); investment in the establishment of tourism industry; real estate development and

("Technology", stock code 300319) 72,000,000 shares, accounting for 8.36%.

Change in controlling shareholder during the reporting period

☐ Applicable ☒ Not applicable

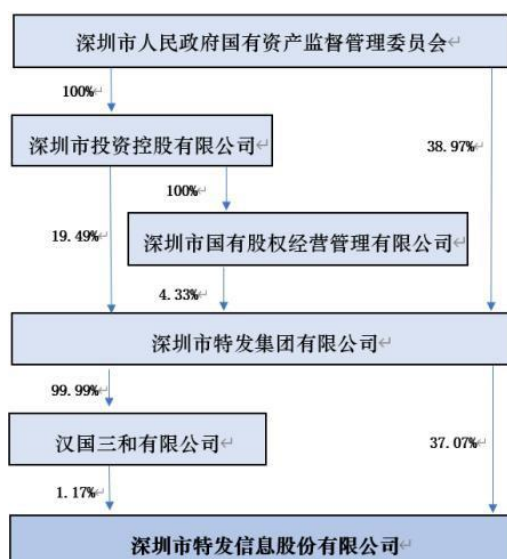
There was no change in the controlling shareholder of the Company during the reporting period.

### 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
State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People's Government	Wang Yongjian	01 August 2004	11440300k317280672	As an ad hoc institution directly under the Shenzhen Municipal People's Government, it is authorized by the municipal government to perform the rights and interests of capitalists in accordance with laws and regulations, and to supervise and manage the state-owned assets authorized for supervision in accordance with the law.
Shareholdings in other domestic and foreign listed companies controlled by the de facto controller during the reporting period	Other domestic and overseas listed companies controlled by the Shenzhen State-owned Assets Supervision and Administration Commission, the de facto controller of the Company, during the reporting period were Shenzhen Zhenye A (000006.SZ), Shenzhen Jiaji (000058.SZ), Shahe (000014.SZ), Shenzhen Airport (000089.SZ), Yantian Port (000088.SZ), Shenzhen Energy (000027.SZ), Shenzhen Gas (601139.SH), Lihedang (002243.SZ), Teli A (000025.SZ), Agricultural Products (000061.SZ), Tianjian Group (000090.SZ), Shenzhen Grain Holdings (000019.SZ), Shenzhen House A (000029.SZ), Shenzhen Expressway (600548.SH), Shenzhen SZ Holdings (00604.HK), SZ Property A (000011.SZ), Guowin Securities (002736.SZ), Shenzhen International (00152.HK), SZ Textile A (000045.SZ), Sany (002238.SZ), CSC (300675.SZ), CSC (002912.SZ), Bay Area Development (00737.HK), Yiya Tong (002183.SZ), Tianyin Holdings (000829.SZ), Tefa Services (300917.SZ), Majestic Technology (300319.SZ), Infinito (002528.SZ), etc.			



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

☐ Applicable ☒ Not applicable

4. The controlling shareholder or the largest shareholder of the Company and its concert parties have pledged a total of **80%** of the number of shares held by them

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

#### IV. Specific implementation of share buybacks in the reporting period

Progress in the implementation of the share buyback

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable



## Section VIII Preferred Stock Related Information

☐ Applicable ☒ Not applicable

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

## Section IX. Bond-related Related information

√ Applicable □

Not applicable I.

### Corporate bonds

□ Applicable √ Not applicable

The Company did not have

corporate bonds during the

reporting period. II.

### Corporate bonds

√ Applicable □ Not applicable

#### 1. Basic information on corporate bonds

)

Unit: \$

Name of the bond	Bond Abbreviation	Bond Code	issue date	interest – initiating date	maturity date	Bond balance	interest rate	Debt repayment method	trading venue
Shenzhen Tefaxin Information Technology Co., Ltd. 2021 for professional investors Public offering companies )	21 Teshin 01	149427.	2021 03 24 February	2021 03 26 June	2026 03 26 June	100,000,000.00	4.30%	Interest is paid annually and principal is repaid in one lump sum at	Shenzhen Stock Exchange Bond Market

Annual Report 2021									
								maturity	
Bonds (Phase I)									
Shenzhen Tefaxin Information Company Limited The company is open to professional investors in 2021. Public offering companies Bonds (second tranche) (Variety I)	21 Teshin 02	149665	2021 10 19 January	2021 10 21 January	2024 10 21 January	300,000,000.00	3.50%	Annual interest payments, one payment due basis	Shenzhen Stock Exchange Bond Market scene (of a play)
Shenzhen Tefaxin Information Company Limited The company will have a total of 2021. Public offering of companies to professional investors Bonds (second tranche) (Variety II)	21 Teshin 03	149666	2021 10 19 January	2021 10 21 January	2026 10 21 January	400,000,000.00	3.60%	with annual interest payments. repay principal at maturity	Shenzhen Stock Exchange Eurex Bond Market
Investor suitability arrangements (if any)	Public offering for professional investors								

Applicable trading mechanisms	Centralized bidding and integrated agreement trading on Shenzhen Stock Exchange
Whether there is a risk of termination of listing and trading (if any) and measures to address it	not

Overdue bonds

☐ Applicable ☒ Not applicable

## 2. Triggering and enforcement of issuer or investor option provisions, investor protection provisions

☐ Applicable ☒ Not applicable

## 3. The situation of intermediaries

Name of bond project	Name of intermediary agency	business address	Name of signatory accountant	Intermediary Contact	Contact Number
Shenzhen Tefa Information Co., Ltd. 2021 Public Issue of Corporate Bonds for Professional Investors (Phase II) (Variety I)	Guoxin Securities Co.	Guoxin Finance University, 125 Fuhua Road 1, Futian District, Shenzhen 29th floor of the building	Han Yanguang, Yang Yong	He Muye	0755-81981642
Shenzhen Tefa Information Co., Ltd. 2021 Public Issue of Corporate Bonds for Professional Investors (Second Issue) (Variety II)	Guoxin Securities Co.	Guoxin Finance University, 125 Fuhua Road 1, Futian District, Shenzhen 29th floor of the building	Han Yanguang, Yang Yong	He Muye	0755-81981642
Shenzhen Tefa Information Company Limited Public Issue of Corporate Bonds for Professional Investors in 2021 (Phase I)	Guoxin Securities Co.	Guoxin Finance University, 125 Fuhua Road 1, Futian District, Shenzhen 29th floor of the building	Qu Xianfu, Fu Jiaoliang, Duan Shan	He Muye, Lin Yiping	0755-81981642

Whether there were changes in the above institutions during the reporting period

☐ Yes ☒ No

#### 4. Use of proceeds

Unit: \$

Name of bond project	Total amount of funds raised	Amount used	Unused amount	Operation of the special account for fund raising (if any)	Rectification of irregularities in the use of proceeds (if any)	whether it is consistent with the use, plan of use and other agreements promised in the prospectus
Shenzhen Tefa Information Company Limited 2021 Public Issue of Corporate Bonds to Professional Investors (Phase II)	700,000,000.00	350,536,480.00	349,463,520.00	normal	not applicable	be
Shenzhen Tefa Information Company Limited 2021 for	100,000,000.00	100,000,000.00	0.00	normal	not applicable	be

Public offerings by professional investors						
Corporate bonds (first issue)						

Proceeds for construction projects

☐ Applicable ☒ Not applicable

The Company changed the use of the above bond proceeds during the reporting period

☐ Applicable ☒ Not applicable

#### 5. Adjustment of credit rating results during the reporting period

☐ Applicable ☒ Not applicable

#### 6. Implementation and changes in the status of guarantees, debt service plans and other debt service guarantees during the reporting period and the impact on the rights and interests of bond investors

☐ Applicable ☒ Not applicable

### III. Non-financial corporate debt financing instruments

☐ Applicable ☒ Not applicable

The Company did not have any non-

financial corporate debt financing

instruments during the reporting period. IV.

#### Convertible corporate bonds

☒ Applicable ☐ Not applicable

##### 1. Successive adjustments of the conversion price

(1) "Tefa convertible bonds"

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 Adjustment of Conversion Price of Tefa Conversion Bonds Pursuant to the 2019 Annual Equity Distribution Plan" disclosed by the Company on 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.

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 2"

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

The market will enter the conversion period on February 18, 2021, with an initial conversion price of \$12.33 per share.

In 2021, if the closing price of the Company's A shares is lower than 90% of the current conversion price (i.e. RMB11.10/share) for at least ten trading days out of any twenty consecutive trading days, the conditions for downward adjustment of the conversion price have been met in accordance with the relevant provisions of the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange and the "Prospectus for Public Issue of A-share Convertible Bonds by Shenzhen Tefa Information Co. The conditions for downward revision of the conversion price. As considered and approved by the Eleventh Meeting of the Eighth Session of the Board of Directors of the Company, the Fourth Extraordinary General Meeting of 2021 and the Thirteenth Meeting of the Eighth Session of the Board of Directors of the Company, it was agreed that the conversion price of "Tefa Conversion 2" would be revised from RMB12.33 to RMB2.5.

/share was adjusted to \$7.33/share.



## 2. Cumulative transfers

√ 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)	Number of conversions as a percentage of the total number of shares of the company in issue before the commencement date of the conversion	Amount not yet transferred (\$)	Amount of unconverted shares as a percentage of total issue amount
Carried forward 2	February 2021 18th	5,500,000	550,000,000.00	134,021,800.00	18,277,566	2.24%	415,978,200.00	75.63%
special issue of convertible bonds	May 2019 22nd	4,194,000	419,400,000.00	413,947,600.00	73,907,696	11.79%	0.00	0.00%

## 3. Top ten convertible bondholders

Unit: Unit

Serial number	Name of convertible bondholder	Convertible bond holdings	Held at the end of the reporting period	Convertible held at the end of the reporting period	Held at the end of the reporting period
---------------	--------------------------------	---------------------------	---	---	---

		human nature	Number of tranches (sheets)	Amount of debt (\$)	Convertible bonds as a percentage
1	Shenzhen Tefa Group Co.	State-owned legal persons	646,560	64,656,000.00	15.54%
2	Guoxin Securities Co.	State-owned legal persons	326,207	32,620,700.00	7.84%
3	Joyce Lee	Domestic natural persons	217,424	21,742,400.00	5.23%
4	Fortune Fortune Aggressive Fixed Income Pension Product - Industrial and Commercial Bank of China Limited	other	179,669	17,966,900.00	4.32%
5	Bank of China - Efatar Stable Income Bond Investment Fund	other	135,225	13,522,500.00	3.25%
6	Industrial and Commercial Bank of China Limited - Xingquan Hengyi Bond Securities Investment Fund	other	100,000	10,000,000.00	2.40%
7	Zhang Peng (1928-), leading PRC politician, prime minister of Hainan	Domestic natural persons	92,951	9,295,100.00	2.23%
8	Industrial and Commercial Bank of China Limited - Fortune Stable Plus Bond Fund	other	90,988	9,098,800.00	2.19%
9	Zhang Hongxi	Domestic natural persons	79,876	7,987,600.00	1.92%
10	ICBC Credit Suisse TiYu Fixed Income Pension Product - Bank of China Limited	other	65,507	6,550,700.00	1.57%

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

☐ Applicable ☒ Not applicable

#### 5. The company's indebtedness, changes in creditworthiness and cash arrangements for debt repayment in future years at the end of the reporting period

On 22 June 2021, CSI Pang Yuan Credit Appraisal Co., Ltd. issued the "2020 Shenzhen Tefa Information Company Limited Convertible Corporate Bond 2021 Tracking Rating Report": the main credit rating of the Company is AA, the current bond credit rating is AA, the rating outlook is maintained as stable, and the rating result

has not been adjusted. The Company adopts the interest payment method of paying interest once a year and returns the principal and the last year interest at maturity.

**V. Losses in excess of 10 per cent of net assets at the end of the previous year in the scope of the consolidated statements of income for the reporting period**

☒ Applicable ☐ Not applicable

Project name	Losses	Reasons for loss	Impact on the company's production, operation and solvency
Shenzhen Tefa Dongzhi Technology Co.	Net profit of \$732 million in 2021	Provision for significant asset impairment	No impact on production, operation and solvency

**VI. Overdue interest-bearing debt other than bonds at the end of the reporting period**

☐ Applicable ☒ Not applicable

vii. whether there were violations of regulations during the reporting period

☐ Yes ☒ No

VIII. Key accounting data and financial indicators of the company for the past two years as at the end of the reporting period

Unit: million

sports event	End of the reporting period	end of previous year	Increase or decrease at the end of the reporting period compared to the end of the previous year
current ratio	1.59	1.39	14.39%
gearing	69.72%	70.50%	-0.78%
quick ratio	1.29	0.98	31.63%
	current reporting period	same period in the previous year	Increase or decrease in the current reporting period over the same period of the previous year
Net profit after non-recurring gains and losses	-66,434.34	-5,576.42	-1,091.34%
EBITDA Total debt ratio	-5.48%	5.21%	-10.69%
Interest cover multiplier	-3.2	2.01	-259.20%
Cash interest coverage multiple	-17.58	2.09	-941.15%
EBITDA Interest cover multiplier	-2.19	3.09	-170.87%
Loan repayment rate	100.00%	100.00%	0.00%
Interest repayment rate	100.00%	100.00%	0.00%

## Section X. Financial report

### I. Audit reports

Type of audit opinion	Standard unqualified opinion
Date of signature of audit report	28 April 2022
Name of audit institution	Baker Tilly International LLP (Special General Partnership)
Audit report symbol	天职业字[2022]24136 号
Name of Certified Public Accountant	Han Yanguang      Yang Yong

Body of the audit report

Audit  
report

Sky Occupation No. [2022] 24136

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, 2021, 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 2021, 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, 2021, and the consolidated and parent company results of operations and cash flows for the year 2021, 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 those standards are further described in the section of the 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>Revenue recognition</i>	
<p>In FY2021, Tefa Information achieved operating revenue of RMB4,590,838,500, of which revenue from main business was RMB4,406,528,400, accounting for 95.99% of the operating revenue. Tefa Information mainly provided communication equipment manufacturers, telecommunication operators and power grid enterprises with sales of communication equipment, communication optical fiber cables and power cables. As revenue is one of the key performance indicators of Tefa Information, the accuracy of revenue recognition has a significant impact on Tefa Information's profit. Therefore, we consider revenue recognition as a key audit matter for SDIC.</p> <p>The related disclosures are detailed in notes III, (32) and VI, (44) 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 supporting documentation such as contracts, shipping orders, statements or reconciliations, in conjunction with revenue and accounts receivable correspondence, to evaluate the accuracy of revenue recognition.</p> <p>(5) For revenue transactions recorded before and after the balance sheet date, a sample is selected to perform cut-off testing and all sales returns recorded after the balance sheet date are examined to evaluate the completeness of revenue recognition and whether they are accounted for in the appropriate accounting period.</p>
(ii) Decline in value of inventories	

<p>As at 31 December 2021, the carrying value of inventories in the consolidated financial statements of Tefa Information was RMB942,415,500 and the provision for impairment of inventories was RMB487,801,000. The management of the Company compares the cost of each inventory item with its net realizable value on a case-by-case basis at each balance sheet date, measures the inventory at the lower of cost and makes provision for impairment of inventories at the difference between cost and net realizable value. In accordance with the Company's disclosed accounting policies, the net realizable value of inventories of goods held for direct sale, such as inventory, work in process and materials for sale, is determined as the estimated selling price of such inventories less estimated selling expenses and related taxes; the net realizable value of inventories of material held for production is determined as the estimated selling price of the finished goods produced less the estimated costs to be incurred to completion, estimated selling expenses and related taxes. The net realizable value of material inventories held for production is determined as the estimated selling price of the finished goods produced, less estimated costs to be incurred to completion, estimated selling expenses and related taxes. We identified revenue recognition as a key audit matter in the Special Issue Information because of the significant amount of inventory impairment and the significant accounting estimates involved by management.</p> <p>The related disclosures are detailed in notes III, (xv) and VI, (viii) to the financial statements.</p>	<p>The principal audit procedures we performed in relation to inventory markdowns included.</p> <ol style="list-style-type: none"> <li>(1) Perform inventory monitoring procedures to check the quantity and condition of inventory, etc.</li> <li>(2) Obtain a year-end inventory ageing list of inventories and perform an analytical review of older inventories.</li> <li>(3) Enquire about the movement of raw material prices during the year to understand the trend of raw material prices in FY 2021, and we check the risk that management's consideration of these factors could result in inventory markdowns on inventories.</li> <li>(4) Obtain a schedule for calculating the provision for impairment of inventories, perform inventory impairment review procedures, check and analyse the reasonableness of the net realizable value and assess the accuracy of the provision for impairment of inventories.</li> <li>(5) Evaluated the professional competence and objectivity of the external evaluation agency engaged by management; evaluated the appropriateness of the work of the evaluation agency, including consideration of the suitability of the raw data used by the experts, the appropriateness of their chosen assumptions and methodologies, and their reasonableness.</li> </ol>
---	--

#### IV. Additional information

The management of Tefa Information (hereinafter referred to as management) is responsible for other



---

information. Other information includes the information covered by Tefa Information's 2021 Annual Report, but excludes the financial statements and our auditor's 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 Tefa Information, disclosing matters related to going concern, if applicable, and applying the going concern assumptions unless liquidation is planned, discontinued operations are discontinued or there is 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 and related precautions, if applicable.

From the matters communicated with governance, we determined which matters were most significant to the audit of the consolidated 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.

China - Beijing 28 April 22nd, 2002	Certified Public	Han
	Accountant,	
	China	
	(Project	Yangu
	partner):	
	Chinese certified	ang
	public	
	accountants.	Yang
		Yong

## ii. financial statements

The statement in the financial notes is presented in dollars

### 1. Consolidated balance sheet

sports event	31 December 2021	31 December 2020
Current assets.		
monetary funds	1,818,051,782.04	3,005,503,023.74
Settlement provision		
Unbundled funds		
Financial assets held for trading	84,312,176.49	112,024,283.32
Derivative financial assets		

note receivable	205,900,548.03	
Accounts receivable	2,065,442,210.26	1,643,539,855.05
Receivables financing	36,066,040.48	248,030,138.14
Prepayments	73,197,992.36	201,603,250.03
premium receivable		
Sub-insurance receivables		
Reserve for reinsurance contracts receivable		
Other receivables	167,882,409.27	158,923,422.41
Of which: interest receivable		
dividend receivable	14,702,309.70	
Buy-back financial assets		
inventory	942,419,515.15	2,217,573,544.25
Contractual assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	166,524,965.68	170,363,070.27
Total current assets	5,559,797,639.76	7,757,560,587.21
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	86,841,727.47	62,670,833.05
Investments in other equity instruments		
Other non-current financial assets	10,000,000.00	
Investment property	335,325,850.45	353,451,515.06
fixed assets	512,580,840.80	563,351,115.48
Construction in progress	529,014,262.68	348,491,672.17
Productive biological assets		
Oil and gas assets		
Right-to-use assets	174,896,537.38	
intangible asset	136,114,249.32	145,121,133.40
Development expenditure	48,754,405.05	38,045,798.57
reputation of a firm's product	501,933,836.51	501,933,836.51

Long-term unamortized costs	38,154,120.37	27,626,004.81
Deferred income tax assets	53,115,812.75	58,377,061.25
Other non-current assets	336,985,047.66	228,679,342.91
Total non-current assets	2,764,035,071.77	2,328,066,694.54
Total assets	8,323,832,711.53	10,085,627,281.75
Current liabilities.		
short term loan	1,644,274,139.67	2,841,225,092.90
Borrowing from the Central Bank		
unbundled funds		
Transactional financial liabilities		
Derivative financial liabilities		
note payable	735,658,783.80	774,453,444.83
accounts payable	479,359,694.43	1,142,871,315.26
Receipts in advance	3,273,078.80	5,429,259.44
Contractual liabilities	78,423,693.31	631,232,797.67
Sale of repurchased financial assets		
Deposit-taking and interbank deposits		
Payment for the purchase and sale of securities		
Underwriting of securities		
Employee compensation payable	106,581,185.35	118,258,683.05
taxes payable	41,855,913.47	77,399,624.69
Other accounts payable	282,932,882.78	283,086,841.60
Of which: interest payable		4,082,267.46
dividend payable	4,533,830.67	1,533,830.67
Fees and commissions payable		
Sub-insurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	82,210,678.96	18,218,665.13
Other current liabilities	34,233,061.69	58,904,050.31
Total current liabilities	3,488,803,112.26	5,951,079,774.88
Non-current liabilities.		
Reserve for insurance contracts		
Long-term loans	915,971,408.48	511,565,532.94
Bonds payable	1,171,378,915.29	511,573,883.68

Of which: Preference shares		
perpetual bond		
Lease liabilities	143,338,180.10	
Long-term accounts payable		
Long-term employee compensation payable		
Projected liabilities	871,406.83	25,412,385.67
Deferred revenue	32,793,649.97	42,650,250.67
Deferred income tax liabilities	50,141,818.69	68,451,814.78
Other non-current liabilities		
Total non-current liabilities	2,314,495,379.36	1,159,653,867.74
Total liabilities	5,803,298,491.62	7,110,733,642.62
Ownership interests.		
share capital	844,578,958.00	816,578,166.00
Other equity instruments	71,729,927.66	106,445,097.88
Of which: Preference shares		
perpetual bond		
capital surplus	1,102,329,952.57	929,668,957.59
Less: Treasury shares		
Other comprehensive income	-3,193,012.86	-2,391,702.13
Dedicated reserve		
surplus surplus	138,919,084.99	124,016,938.15
General risk allowance		
undistributed profit	-177,185,125.02	457,755,083.06
Total equity attributable to owners of the parent company	1,977,179,785.34	2,432,072,540.55
Minority interests	543,354,434.57	542,821,098.58
Total owners' equity	2,520,534,219.91	2,974,893,639.13
Total liabilities and owner's equity	8,323,832,711.53	10,085,627,281.75

Legal representative: Gao Tianliang      Head of Accounting: Li Zengmin

Head of Accounting  
Institution: Xiao Jianfeng

## 2. Parent company balance sheet

Unit: \$

sports event	31 December 2021	31 December 2020
Current assets.		



monetary funds	Annual Report 2021 1,251,162,111.75	2,451,674,036.80
----------------	--	------------------

Financial assets held for trading	84,312,176.49	112,024,283.32
Derivative financial assets		
note receivable		
Accounts receivable	1,096,369,204.66	584,864,155.64
Receivables financing	124,870,403.63	82,283,484.01
Prepayments	91,110,288.18	12,183,127.36
Other receivables	1,424,069,760.50	958,811,212.14
Of which: interest receivable		
dividend receivable	36,897,876.77	5,195,567.07
inventory	196,011,674.41	1,014,311,422.50
Contractual assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	7,752,336.01	52,762,048.11
Total current assets	4,275,657,955.63	5,268,913,769.88
Non-current assets.		
debt investment		
Other debt investments		
Long-term receivables	44,587,691.57	44,587,691.57
Long-term equity investments	2,257,272,491.06	1,885,137,290.43
Investments in other equity instruments		
Other non-current financial assets	10,000,000.00	
Investment property	321,765,107.34	341,395,101.69
fixed assets	89,219,843.41	99,521,975.01
Construction in progress	60,040,043.85	55,811,618.84
Productive biological assets		
Oil and gas assets		
Right-to-use assets		
intangible asset	38,861,954.39	35,615,331.38
Development expenditure	48,754,405.05	38,045,798.57
reputation of a firm's product		
Long-term unamortized costs	3,700,633.99	3,309,817.82
Deferred income tax assets	10,537,061.79	8,973,487.33
Other non-current assets	214,158,306.38	212,733,646.18

Total non-current assets	3,098,897,538.83	2,725,131,758.82
Total assets	7,374,555,494.46	7,994,045,528.70
Current liabilities.		
short term loan	482,771,621.74	1,993,000,000.00
Transactional financial liabilities		
Derivative financial liabilities		
note payable	779,393,356.18	308,691,227.02
accounts payable	421,209,527.72	664,847,298.74
Receipts in advance	2,501,179.41	3,893,612.97
Contractual liabilities	44,334,103.41	505,661,256.63
Employee compensation payable	29,687,345.54	35,363,581.18
taxes payable	16,955,319.51	28,489,067.08
Other accounts payable	501,180,692.73	709,241,997.58
Of which: interest payable		2,761,850.00
dividend payable	1,533,830.67	1,533,830.67
Liabilities held for sale		
Non-current liabilities due within one year	3,689,631.33	1,620,271.13
Other current liabilities	4,816,020.06	50,910,344.23
Total current liabilities	2,286,538,797.63	4,301,718,656.56
Non-current liabilities.		
Long-term loans	915,971,408.48	469,626,283.58
Bonds payable	1,171,378,915.29	511,573,883.68
Of which: Preference shares		
perpetual bond		
Lease liabilities		
Long-term accounts payable		
Long-term employee compensation payable		
Projected liabilities		
Deferred revenue	5,540,533.66	11,812,134.60
Deferred income tax liabilities	44,280,263.87	63,437,079.90
Other non-current liabilities		
Total non-current liabilities	2,137,171,121.30	1,056,449,381.76
Total liabilities	4,423,709,918.93	5,358,168,038.32
Ownership interests.		

share capital	844,578,958.00	816,578,166.00
Other equity instruments	71,729,927.66	106,445,097.88
Of which: Preference shares		
perpetual bond		
capital surplus	1,090,396,963.93	917,735,968.95
Less: Treasury shares		
Other comprehensive income		
Dedicated reserves		
surplus surplus	138,919,084.99	124,016,938.15
undistributed profit	805,220,640.95	671,101,319.40
Total owners' equity	2,950,845,575.53	2,635,877,490.38
Total liabilities and owner's equity	7,374,555,494.46	7,994,045,528.70

### 3. Consolidated income statement

Unit: \$

sports event	2021	2020
I. Total operating income	4,590,838,502.20	4,722,428,257.52
Of which: operating income	4,590,838,502.20	4,722,428,257.52
Interest income		
Premiums earned		
Handling fee and commission income		
II. Total operating costs	4,712,821,347.77	4,518,644,936.73
Of which: operating costs	4,066,844,089.14	3,840,509,880.02
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	29,343,623.15	22,598,525.75
Cost of sales	101,550,398.20	156,787,923.17
Overheads	134,928,726.13	140,990,955.81
Research and development costs	252,564,159.54	224,230,685.07

financial cost	127,590,351.61	133,526,966.91
Of which: interest costs	133,089,679.13	116,930,807.92
Interest income	16,390,178.62	10,986,958.44
Add: other gains	39,760,783.20	51,303,547.89
Investment income (losses are shown with a "-" sign)	41,960,809.66	10,726,855.72
Of which: gains on investments in associates and joint ventures	10,552,639.85	10,233,454.23
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
Credit impairment losses (losses are shown with a "-" sign)	-141,903,678.78	-56,339,852.45
Impairment losses on assets (losses are shown with a "-" sign)	-422,249,468.09	-191,055,872.56
Gain on disposal of assets (loss shown by "-")	145,237.98	-2,346.76
III. Operating profit (loss is shown with a "-" sign)	-604,269,161.60	170,328,434.03
Add: Non-operating income	5,705,785.29	14,688,878.27
Less: Non-operating expenses	2,340,500.83	61,393,067.37
IV. Total profit (total loss is shown with a "-" sign)	-600,903,877.14	123,624,244.93
Less: Income tax expense	1,280,129.38	65,314,188.99
V. Net profit (net loss is shown with a "-" sign)	-602,184,006.52	58,310,055.94
(i) Classification by continuity of operations		
1. Net profit from continuing operations (net loss is shown with a "-" sign)	-602,184,006.52	58,310,055.94
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	-618,453,267.57	11,445,456.46
2. Minority interests in profit or loss	16,269,261.05	46,864,599.48
VI. Other comprehensive income, net of tax	-877,637.53	-2,370,275.63
Other comprehensive income attributable to owners of the parent company, net of tax	-801,310.73	-2,194,653.07
(i) Other comprehensive income that cannot be reclassified to profit or loss		

1.Remeasurement of defined benefit plan changes	Annual Report 2021	
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	-801,310.73	-2,194,653.07

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	-801,310.73	-2,194,653.07
7. Other		
Other comprehensive income attributable to minority shareholders, net of tax	-76,326.80	-175,622.56
VII. Total comprehensive income	-603,061,644.05	55,939,780.31
Total comprehensive income attributable to owners of the parent company	-619,254,578.30	9,250,803.39
Total comprehensive income attributable to minority shareholders	16,192,934.25	46,688,976.92
VIII. Earnings per share.		
(i) Basic earnings per share	-0.7505	0.0140
(ii) Diluted earnings per share	-0.7505	0.0140

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: Gao Tianliang Head of

accounting work: Li Zengmin

Head of accounting institution: Xiao Jianfeng

#### 4. Income statement of the parent company

Unit: \$

sports event	2021	2020
I. Operating income	3,054,268,850.86	2,873,318,399.16
Less: Operating costs	2,720,774,190.92	2,454,505,844.50
Taxes and surcharges	19,717,221.65	10,401,829.14
Cost of sales	61,815,989.97	85,316,668.31
Overheads	32,765,738.39	49,770,313.47
Research and development costs	89,872,216.95	65,151,912.11
financial cost	83,669,626.05	71,194,032.36
Of which: interest costs	106,916,975.37	83,036,903.36

Interest income	Annual Report 2021 27,001,964.66	22,799,267.54
Add: other gains	19,942,303.26	24,214,359.90
Investment income (losses are shown with a "-" sign)	78,096,378.43	42,983,728.63
Of which: gains on investments in associates and joint ventures	6,391,367.99	-1,001,722.81
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
Credit impairment losses (losses are shown with a "-" sign)	-4,293,030.98	14,538,898.74
Impairment losses on assets (losses are shown with a "-" sign)	-14,707,587.23	-8,640,377.97
Gain on disposal of assets (loss shown by "-")		
II. Operating profit (loss is shown by a "-" sign)	124,691,930.41	361,987,189.97
Add: Non-operating income	4,980,333.99	13,541,611.89
Less: Non-operating expenses	353,284.08	1,921,219.63
III. Total profit (total loss is shown with a "-" sign)	129,318,980.32	373,607,582.23
Less: Income tax expense	-9,418,626.57	47,554,101.33
IV. Net profit (net loss is shown with a "-" sign)	138,737,606.89	326,053,480.90
(i) Net profit from continuing operations (net loss is shown with a "-" sign)	138,737,606.89	326,053,480.90
(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	Annual Report 2021	
7. Other		
VI. Total comprehensive income	138,737,606.89	326,053,480.90
VII. Earnings per share.		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

## 5. Consolidated cash flow statement

Unit: \$

sports even t	2021	2020
i. Cash flows from operating activities.		
Cash received from the sale of goods and provision of services	3,722,096,320.40	6,027,140,057.71
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		
Tax refunds received	105,468,862.08	66,011,389.89
Other cash received in connection with operating activities	311,824,481.35	232,052,893.50
Subtotal cash inflow from operating activities	4,139,389,663.83	6,325,204,341.10
Cash paid for goods and services	3,744,874,394.28	5,337,751,084.02
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	465,376,937.08	497,528,855.59
Taxes and fees paid	144,025,522.33	141,542,608.29
Other cash paid in connection with operating activities	362,843,958.37	283,629,839.94
Subtotal cash outflow from operating activities	4,717,120,812.06	6,260,452,387.84

Net cash flows from operating activities	Annual Report 2021 -577,731,148.23	64,751,953.26
II. Cash flows from investing activities.		
Cash received from the recovery of investments	1,843,740.07	28,413,038.33
Cash received for investment income	23,812,804.27	493,401.49
Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets	27,530.00	297,071.69

Net cash received on disposal of subsidiaries and other operating units		
Other cash received in connection with investing activities	1,654,446,106.83	773,090,400.00
Subtotal cash inflows from investing activities	1,680,130,181.17	802,293,911.51
Cash paid for the acquisition of fixed assets, intangible assets and other long-term assets	336,601,270.90	271,563,004.08
Cash paid for investments	14,400,000.00	
Net increase in pledged loans	0.00	
Net cash paid for acquisition of subsidiaries and other operating units	0.00	1,980,000.00
Other cash payments related to investing activities	1,694,816,636.05	652,114,548.06
Subtotal cash outflows from investing activities	2,045,817,906.95	925,657,552.14
Net cash flows from investing activities	-365,687,725.78	-123,363,640.63
III. Cash flows from financing activities.		
Cash received from absorption of investments	45,000,000.00	12,700,000.00
Of which: cash received from absorption of investment by minority shareholders in subsidiaries	45,000,000.00	12,700,000.00
Cash received for borrowings	3,025,333,979.82	4,666,413,408.21
Other cash received in connection with financing activities	162,591,813.69	17,902,043.16
Subtotal cash inflow from financing activities	3,232,925,793.51	4,697,015,451.37
Cash paid for debt service	3,109,396,610.29	2,254,081,911.61
Cash paid for distribution of dividends, profits or repayment of interest	124,830,311.56	173,322,983.46
Of which: dividends and profits paid by subsidiaries to minority shareholders	13,909,235.44	24,685,660.01
Other cash paid in connection with financing activities	200,524,717.66	23,655,000.00
Subtotal cash outflows from financing activities	3,434,751,639.51	2,451,059,895.07
Net cash flows from financing activities	-201,825,846.00	2,245,955,556.30
IV. Effect of exchange rate changes on cash and cash equivalents	-1,900,371.14	-5,551,115.64
V. Net increase in cash and cash equivalents	-1,147,145,091.15	2,181,792,753.29
Add: Opening balance of cash and cash equivalents	2,908,931,255.98	727,138,502.69
VI. Cash and cash equivalents balances at the end of the period	1,761,786,164.83	2,908,931,255.98

## 6. Parent company cash flow statement

Unit: \$

sports	2021	2020
--------	------	------

even t		
i. Cash flows from operating activities.		
Cash received from the sale of goods and provision of services	1,886,656,306.20	3,406,557,815.40
Tax refunds received	7,200,695.86	6,696,723.60
Other cash received in connection with operating activities	1,943,545,877.70	1,291,749,329.34

Subtotal cash inflow from operating activities	3,837,402,879.76	4,705,003,868.34
Cash paid for goods and services	1,959,870,371.49	3,018,935,368.46
Cash paid to and on behalf of employees	125,165,880.93	115,650,559.76
Taxes and fees paid	53,738,611.01	42,629,186.10
Other cash paid in connection with operating activities	2,193,121,316.69	1,567,533,740.67
Subtotal cash outflow from operating activities	4,331,896,180.12	4,744,748,854.99
Net cash flows from operating activities	-494,493,300.36	-39,744,986.65
II. Cash flows from investing activities.		
Cash received from the recovery of investments	1,843,740.07	28,413,038.33
Cash received for investment income	40,488,076.70	30,407,527.07
Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets	130.00	
Net cash received on disposal of subsidiaries and other operating units		
Other cash received in connection with investing activities	27,712,106.83	551,090,400.00
Subtotal cash inflows from investing activities	70,044,053.60	609,910,965.40
Cash paid for the acquisition of fixed assets, intangible assets and other long-term assets	6,622,332.84	8,160,537.44
Cash paid for investments	393,279,487.17	116,006,309.42
Net cash paid for acquisition of subsidiaries and other operating units		
Other cash payments related to investing activities		430,126,000.00
Subtotal cash outflows from investing activities	399,901,820.01	554,292,846.86
Net cash flows from investing activities	-329,857,766.41	55,618,118.54
III. Cash flows from financing activities.		
Cash received from absorption of investments		
Cash received for borrowings	1,000,003,360.00	3,093,000,000.00
Other cash received in connection with financing activities	799,383,520.00	577,067,271.55
Subtotal cash inflow from financing activities	1,799,386,880.00	3,670,067,271.55
Cash paid for debt service	2,093,000,000.00	1,400,014,827.69
Cash paid for distribution of dividends, profits or repayment of interest	72,475,116.00	127,234,664.17
Other cash paid in connection with financing activities	2,872,880.00	43,233,120.90
Subtotal cash outflows from financing activities	2,168,347,996.00	1,570,482,612.76
Net cash flows from financing activities	-368,961,116.00	2,099,584,658.79
IV. Impact of changes in exchange rates on cash and	-524,171.44	-5,386,015.61

cash equivalents	Annual Report 2021	
V. Net increase in cash and cash equivalents	-1,193,836,354.21	2,110,071,775.07
Add: Opening balance of cash and cash equivalents	2,442,628,101.68	332,556,326.61
VI. Cash and cash equivalents balances at the end of the period	1,248,791,747.47	2,442,628,101.68



## 7. Consolidated statement of changes in owners' equity

Amount for the period

Unit: \$

sports event	2021														
	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	816,578,166.00			106,445,097.88	929,668,957.59		-2,391,702.13		124,016,938.15		457,755,083.06		2,432,072,540.55	542,821,098.58	2,974,893,639.13
Add: change in accounting policy															
Correction of prior-period errors															
business combination under common control															
other									1,028,386.15		-2,613,179.82		-1,584,793.67		-1,584,793.67
II. Opening balance for the year	816,578,166.00			106,445,097.88	929,668,957.59		-2,391,702.13		125,045,324.30		455,141,903.24		-1,584,793.67	542,821,098.58	2,973,308,845.46
III. Amounts of increase or decrease during the period (decrease is shown with a	28,000,792.00			-34,715,170.22	172,660,994.98		-801,310.73		13,873,760.69		-632,327,028.26		-453,307,961.54	533,335.99	-452,774,625.55

"-" sign)									Annual	Report	2021				
(i)Total comprehensive income							-801,310.73				-618,453,267.57		-619,254,578.30	16,192,934.25	-603,061,644.05
(ii)Owner input and reduction of capital	28,000,792.00			-34,715,170.22	172,660,994.98								165,946,616.76	1,249,637.14	167,196,253.90
1. Ordinary shares invested by owners														45,000,000.00	45,000,000.00
2. Capital contributions from holders of other equity instruments	28,000,792.00			-34,715,170.22	172,660,994.98	0.00	0.00	0.00	0.00	0.00	0.00	0.00	165,946,616.76		165,946,616.76

3. Amounts charged to owners' equity for share-based payments															
4. Other														-43,750,362.86	-43,750,362.86
(iii) Distribution of profits								13,873,760.69		-13,873,760.69				-16,909,235.40	-16,909,235.40
1. Withdrawal of surplus reserves								13,873,760.69		-13,873,760.69					
2. Drawdown of general risk provisions															
3. Distribution to owners (or shareholders)														-16,909,235.40	-16,909,235.40
4. 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									Annual Report 2021						
5. Transfer from other comprehensive income to retained earnings															
6. Other															
(v)Special reserves															
1. Drawdown for the current period															
2. Use of the current period															
(vi) Other															

IV. Closing balance for the period	844,578,958.00			71,729,927.66	1,102,329,952.57		-3,193,012.86		138,919,084.99		-177,185,125.02		1,977,179,785.34	543,354,434.57	2,520,534,219.91
------------------------------------	----------------	--	--	---------------	------------------	--	---------------	--	----------------	--	-----------------	--	------------------	----------------	------------------

Prior period amount

Unit: \$

sports event	Annual 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	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		1,072,371,799.69		2,913,835,019.94	508,117,781.66	3,421,952,801.60
Add: change in accounting policy															
Correction of prior-period errors											-537,18,546.27		-537,18,546.27		-537,18,546.27
business combination under common control															
other															
II. Opening balance for the year	815,002,299.00			13,349,748.83	921,896,631.42		-197,049.06		91,411,590.06		535,253,253.42		2,376,716,473.67	508,117,781.66	2,884,834,255.33

Shenzhen Teda Information Company Limited Full Annual Report 2021															
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		-77,498,170.36		55,356,066.88	34,703,316.92	90,059,383.80
(i) Total comprehensive income							-2,194,653.07				11,445,456.45		9,250,803.38	46,688,976.92	55,939,780.30
(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. Inputs 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

capital	00			.05								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	-24,685,660.00	-81,023,938.72
1. Withdrawal of surplus reserves								32,605,348.09		-32,605,348.09				
2. Drawdown of general risk provisions														
3. To owners (Distribution (or shareholders))										-56,338,278.72		-56,338,278.72	-24,685,660.00	-81,023,938.72
4. 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	929,668,957.59		-2,391,702.13		124,016,938.15		457,755,083.06		2,432,072,540.55	542,821,098.58	2,974,893,639.13
------------------------------------	----------------	--	--	----------------	----------------	--	---------------	--	----------------	--	----------------	--	------------------	----------------	------------------

## 8. Parent company statement of changes in owners' equity

Amount for the period

Unit: \$

sports event	2021											
	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	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
Add: change in accounting policy												
Correction of prior-period errors												
other									1,028,386.15	9,255,475.35		10,283,861.50
II. Opening balance for the year	816,578,166.00			106,445,097.88	917,735,968.95				125,045,324.30	680,356,794.75		2,646,161,351.88
III. Amounts of increase or decrease during the period (decrease is shown with a "-" sign)	28,000,792.00			-34,715,170.22	172,660,994.98				13,873,760.69	124,863,846.20		304,684,223.65
(i) Total comprehensive income										138,737,606.89		138,737,606.89

Annual Report 2021												
(ii) Owner input and reduction of capital	28,000,792.00			-34,715,170.22	172,660,994.98							165,946,616.76
1. Ordinary shares invested by owners												
2. Capital contributions from holders of other equity instruments	28,000,792.00			-34,715,170.22	172,660,994.98							165,946,616.76
3. Amounts charged to owners' equity for share-based payments												

4. Other									1,028,386.15	9,255,475.35		10,283,861.50
(iii) Distribution of profits									13,873,760.69	-13,873,760.69		
1. Withdrawal of surplus reserves									13,873,760.69	-13,873,760.69		
2. Distribution to owners (or shareholders)												
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							Annual Report	2021			
(v) Special reserve											
1. Drawdown for the current period											
2. Use of the current period											
(vi) Other											
IV. Closing balance for the period	844,578,958.00			71,729,927.66	1,090,396,963.93				138,919,084.99	805,220,640.95	2,950,845,575.53

Prior period amount

Unit: \$

sports event	Annual 2020											
	share capital	Other equity instruments			capital surplus	less: Treasury shares	Other comprehensive income	Dedicated reserves	surplus	undistributed profit	other	Total owners' equity
		prioritize	sustainable	other								

		share	debt									
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. Amounts of increase or decrease during the period (decrease is shown with a "-" sign)	1,575,867.00			93,095,349.05	7,772,326.17				32,605,348.09	237,109,854.09		372,158,744.40
(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								Annual Report 2021				
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)												
3. Other										-56,338,278.72		-56,338,278.72
(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

### III. Basic information about the company

Company name: Shenzhen Tefa Information Company Limited (hereinafter referred to as "Tefa Information", "the Company", "the Company"). Registered office: 18th Floor, Building B, Tefa Information Port Building, No. 2 Ke Feng Road, Hi-Tech Zone, Nanshan District, Shenzhen.

Legal representative: Gao Tianliang.

Registered capital: RMB 626,994,750,000.

Unified Social Credit Code:

914403007152216326. date of

incorporation: 29 July 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 IOT intelligent management system)



The design, installation, maintenance, commissioning, consulting, computer software and hardware technology and software engineering development, sales, services; information technology field of optoelectronic 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, distribution, communications engineering general contracting; equipment leasing; Domestic trade (excluding exclusive, proprietary, controlled, proprietary goods); engaging in online commerce (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 rental operation. Motor vehicle parking services.

Our main products or labor services 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 Company Limited was established by Shenzhen Special Economic Zone Development (Group) Company (now renamed as "Shenzhen Tefa Group Company Limited", hereinafter referred to as "Tefa Group") as the main sponsor, in accordance with the approval of Shenzhen Government's document Shenfu [1999] No. 70. Ltd., China National Metals and Minerals Import & Export Corporation (now renamed as "China Minmetals Corporation"), China Tongguang Telecommunications Corporation, Qirong Trading Company Limited (now renamed as "Minmetals Qirong Co. "Ltd. and Han Guo San He Co., Ltd. jointly initiated to transfer all the assets and liabilities of the promoters' subordinate telecommunication enterprises Shenzhen Tefa Teco Communication Company Limited, Shenzhen Optics Development Company Limited, Shenzhen Tefa Xingxuo Optical Communication Industry Company, Shenzhen Tefa Communication Development Company, Shenzhen Jiguang Electronics Co. Ltd. and 80% equity interest in Shenzhen Longfei Industrial Co. The assets invested in the Company by each of the above promoters were appraised by Shenzhen Weiming Asset Appraisal Firm with 31 October 1998 as the valuation base date and the appraisal results were confirmed by the Ministry of Finance in Cai Wei 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. On May 11, 2000, the Company was listed on the Shenzhen Stock Exchange. 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.

Ltd. to issue shares to Chen Chuanrong and other natural persons to purchase assets and raise matching funds, the Company issued RMB ordinary shares to Shenzhen Tefa Dongzhi Technology Co. (hereinafter referred to as "Tefa Dongzhi") and eight natural persons including Chen Chuanrong, the former shareholder of Chengdu Fuliye Electronic Technology Co.

(A shares) 30,954,876.00 shares to a non-public offering of RMB ordinary shares (A shares) 11,542,497.00 shares to a pooled asset management plan of Great Wall Tefa Wisdom No. 1 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 is 42,497,373.00 shares, with a par value of RMB1 per share 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 5 May 2017, the 2016 annual profit distribution plan for 2016 was considered and approved at the 2016 annual general meeting of the Company, whereby 3 bonus shares were sent to all shareholders for every 10 shares on the basis of the total share capital of the Company of 313,497,373.00 shares, and at the same time, 7 shares were transferred to all shareholders for every 10 shares from capital reserve, increasing the total share capital to 626,994,746.00 shares after the dividend.

On 7 May 2019, as approved by 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 by capital reserves. The total share capital increased to 752,393,695.00 shares after the dividend.

On May 22, 2019, the Company's convertible debentures entered into a conversion period. From the second quarter to the fourth quarter of 2019, the Company's debentures were reduced by the conversion 351,243,500.00 (3,512,435.00 sheets) and the number of shares transferred was 62,608,604.00 shares. After the conversion, the share capital of the Company changed to 815,002,299.00 Shares.

During the first to fourth quarters of 2020, the Company's bonds were reduced by \$8,835,400.00 (88,354.00 shares) due to the conversion of 1,575,867.00 shares. After the conversion, the Company's share capital changed to 816,578,166.00 shares.

In FY 2021, the Company's bonds were reduced by \$187,890,500.00 (1,878,905.00 shares) due to the conversion of 28,000,792.00 shares. After the conversion, the Company's share capital changed to 844,578,958.00 shares.

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

The parent company of the Company is Tefa Group, which directly and indirectly holds 313,086,853.00 ordinary shares of the Company, representing a 37.07% shareholding. The controlling shareholder of Tefa Group is Shenzhen State-owned Assets Supervision and Administration Commission ("SASAC"), which directly and indirectly holds 62.79% 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 28, 2022 by the Board of Directors of the Company.

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 a business or entity that is controlled by the Company.

For details of the scope of the consolidated financial statements and changes in the scope of the consolidated financial statements during the reporting period, see "VII. Changes in the scope of consolidation" and "VIII. 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 estimates suggest that.

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 Company's financial statements prepared on the above basis of preparation comply with the latest accounting standards for enterprises and their application guidelines, interpretations and

Other relevant regulations (collectively referred to as "Accounting Standards for Business Enterprises") require that the information relating to the Company's financial position, results of operations and cash flows be reflected in a true and complete manner.

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

The Company's subsidiaries, joint ventures and associates determine their own accounting currency based on the primary economic environment in which they operate, and prepare financial statement statements that are translated into RMB.

## **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 consideration paid for the merger (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 goodwill at the date of purchase for the difference between the cost of the combination and the share of the fair value of the identifiable net assets of the acquiree acquired in the combination; if the cost of the combination is less than the share of the fair value of the identifiable net assets of the acquiree acquired in the combination, the fair

value of each identifiable asset, liability and contingent liability of the acquiree and the measurement of the cost of the combination are first reviewed, and after the review, the cost of the combination remains. If, after such review, the cost of consolidation is still less than the share of the fair value of the purchasee's identifiable net assets acquired in the consolidation, the difference is recognized in profit or loss.

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 current

Gains and losses.

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 the loss of control of a subsidiary are "package transactions"

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 not economical when viewed alone, but is economical 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, each transaction should be accounted for as a 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 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. 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 in which 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 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 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 in relation 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 accordance with its share; (2) recognition of liabilities incurred separately, and of liabilities incurred jointly in accordance with its share; (3) recognition of revenue from the sale of its share of the output of the joint operation arising from the sale of its share of the output of the common operation; (4) recognition of revenue arising from the sale of the output of the common operation in proportion to its share; and (5) recognition of expenses incurred separately, and in proportion to its share, of expenses incurred in the common operation.

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 of 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 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 recognized in current profit or loss or other comprehensive income.

Assets and liabilities in the balance sheet are translated using the spot exchange rate at the balance sheet date; items in owners' equity, except for "undistributed profit", are translated using the spot exchange rate at the date of the transaction; income and expense items in the income statement are translated using an approximation of the spot exchange rate at the date of the transaction. Translation differences arising from the above translation of foreign currency financial statements are recognized as 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 a part of a financial asset, or a 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 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; and 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.

Financial liabilities may be designated as financial liabilities at fair value through profit or loss at initial measurement if one of the following conditions is met.

(1) The designation eliminates or significantly reduces accounting mismatches; (2) the management and performance evaluation of a portfolio of financial liabilities or a portfolio of financial assets and financial liabilities is performed on a fair value basis in accordance with the Group's risk management or investment strategy as set out in formal written documentation and reported to key management personnel on this basis within the Group; and (3) the financial liability contains embedded derivatives that are subject to 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, and 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 as 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 the loss allowance at an amount equal to the expected credit loss over the life of the financial instrument; if the credit risk of the financial instrument has not increased significantly since initial recognition, the Company measures the loss

allowance at an amount equal to the expected credit losses over the next 12 months of the financial instrument. The resulting increase or reversal of the allowance for losses is recognized as an impairment loss or gain in profit or loss. For details of the Company's assessment of credit risk, see Note 9, "Risks Related to 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 provision for losses on the basis of expected credit losses 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, the enterprise should calculate interest income based on their amortized cost (carrying amount less provision for impairment, i.e., book value) and 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, the borrower's ability to meet its obligations to pay contractual cash flows in the short term is strong, and even if there are adverse changes in economic conditions and the business environment over a longer period of time that would not necessarily reduce the borrower's ability to meet its obligations to pay contractual cash flows.

#### (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 14 - Revenue (including situations where the financing component of a contract that does 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

Continuing involvement by way of a financial guarantee for the transferred financial asset is recognized at the lower of the carrying amount of the financial asset and the amount of the financial guarantee. 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 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 on the basis of the present value of their estimated future cash flows being less than their



An impairment loss is recognized for the difference between the carrying amount and the provision for bad debts.

## 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 a significant financing component, the Company uses a simplified model of expected credit losses, whereby the amount of expected credit losses is always measured for the entire duration of the contract. 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.~~

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

Judgment basis or amount criteria for significant individual amount      The Company recognizes receivables with an amount of RMB3 million or more as significant in a single item  
Large receivables.

Provisions for bad debts that are individually significant and are individually provided for are tested separately for impairment, based on the difference between the present value of their future cash flows and their carrying value

The method provides for bad debts at an amount.

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

A single bad debt provision is made if the recoverability of a receivable with a single immaterial amount is different from that of other receivables, although the individual amount is not material

of the      Where there is a significant difference that results in a  
reason      bad debt provision for that receivable that would not truly  
s      reflect its recoverable amount under the same method as  
other receivables, the receivable is provided for using the  
individual determination method of bad debt provision.

A single provision for bad debts, although not material, is made in accordance with a single determination. The accrual method for

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

---

Shenzhen Tefa Information Company Limited Full Annual Report 2021

~~Aging analysis method grouping~~      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 impaired in a single test. 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 measurement of future cash flows of the assets under examination.

#### Provisioning for bad debts by portfolio

~~Combination of significant~~      ~~aging method~~

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

Ageing cable customers	To mobile, telecom, Unicom, electricity To fiber customers	To indoor	Application to military customers	Responses to other clients
of receivables expected	Projected credit receivable	Projected credit loss on receivables	Projected receipts	Projected receipts
Credit loss ratio %	Loss rate %	% loss	Credit loss ratio %	Credit loss ratio %
Up to and including 3 months		3.00		

(month, below)					
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 a significant individual amount and a separate provision for bad debts

Judgment basis or amount criteria for individual amount significant The Company recognizes receivables with an amount of RMB1 million or more as other receivables with individual amount significant

Collections.

The provision for bad debts that are individually significant and individually provided for is tested separately for impairment and is based on the difference between the present value of its future cash flows and its carrying amount

Methodology preparation.

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

If the recoverability of a receivable that is individually insignificant, but for which a single bad debt provision is made, is different from that of other receivables

Rationale Where there is a significant difference that results in a

Annual Report 2021  
 bad debt provision for Annual Report 2021 under the same method as other receivables, which would not truly reflect its recoverable amount, the receivable is provided for under the individual determination method of bad debt.

Provision for bad debts is made in accordance with the single determination if the individual amount is not material but the provision is made for a single item.

Provisioning method

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**

---

Aging analysis method portfolio

The Company classifies financial assets by similarity and correlation of credit risk characteristics for other receivables that are not individually significant and for other receivables that are significant but not individually tested for impairment

Subgroup. 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 linked to the measurement of future cash flows of the assets under examination.

#### Provisioning for bad debts by portfolio

~~Combination of significant~~

~~Ageing method~~

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

Ageing	Due to mobile, telecom, Unicom, electricity Due to indoor cable customers	Due to military customers	Due to other customers	Due to fiber optic customers
	Receivables from the Force are expected	Projected credit receivable	Projected credit loss on receivables	Projected receipts
	Credit loss ratio %	Loss rate %	% loss	Credit loss ratio %
Up to and 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
2-3 years	3.00	30.00	30.00	10.00
3-4 years	5.00	50.00	50.00	30.00
4-5 years	5.00	80.00	80.00	30.00
More than 5 years	10.00	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 month-end 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

At the balance sheet date, inventories are measured at the lower of cost or net realizable value, and provision for inventory decline is made for the difference between the cost and net realizable value of individual inventories. The net realizable value of inventories used directly for sale is determined in the normal course of production and operation at the estimated selling price of the inventories, less estimated selling expenses and related taxes; the net realizable value of inventories subject to processing is determined in the normal course of production and operation at the estimated selling price of the finished goods produced, less the estimated costs to be incurred to completion, estimated selling expenses and related taxes. At the balance

~~sheet date, the net realizable value of part of the same inventory for which a contractual price~~  
has been agreed and for which no contractual price exists for other parts is determined separately and compared with its corresponding cost to determine the amount of provision for decline in value or reversal of inventory, respectively.

#### 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 the cost of a contract is greater than the difference between the following two amounts, the Company makes a provision for impairment and recognizes an asset 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 group components (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 according to the practice of selling such assets or disposal groups in similar transactions; (2) the sale is highly probable, a resolution has been made on a plan of sale and a firm purchase commitment has been obtained (a firm purchase commitment is a legally binding purchase agreement between the enterprise and other parties binding purchase agreement with other parties that contains material terms such as the transaction price, timing and sufficiently severe penalties for breach to make significant adjustments to the agreement or revocation highly likely



Small. The sale is expected to be completed within one year. Approval has been obtained from the relevant authority or regulator 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 value of the holding), and the difference between the original carrying value 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 in the disposal group 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 impairment losses recognized for disposal groups held for sale shall be increased proportionately to the carrying amount 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 calculated as the share of the ownership interest in the book of 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 combinations: 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 and the cost of the long-term equity investment is adjusted.

Under the equity method, investment income or loss is recognized and the carrying amount of the long-term equity investment is adjusted for the Company's share of the investee's net income or loss. In recognizing the share of net income 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 income or loss of the investee in accordance with the Company's accounting policies and accounting periods, and the portion of internal transactions with associates and joint ventures that is attributable to the investee in proportion to the Company's shareholding (except that internal transaction losses are recognized in full if they are impairment losses). Adjustments to the net profit of the investee are recognized. The carrying value of long-term equity investments is reduced by the share of profits or cash dividends declared by the investee. The Company recognizes a net loss on an investee to the extent that the carrying amount of the long-term equity investment and other long-term equity interests that substantially constitute the net investment in the investee are written down to zero, except where the Company has an additional loss obligation. The carrying amount of the long-term equity investment is adjusted and recognized in equity for any 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 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
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

Fixed assets are recorded at actual cost at the time of acquisition and depreciated using the average method over the useful life of the asset from the month following the month in which it reaches its intended useable condition.

### (3) Impairment testing methods for fixed assets, impairment provisioning methods

At the balance sheet date, if there is an indication that a fixed asset is impaired, a corresponding provision for impairment is made for the difference between the carrying amount and the recoverable amount.

## 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. If, at the balance sheet date, 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) expenditure on the asset has been incurred; 2) borrowing costs have been incurred; and 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 during the period of the special borrowings (including the amortization of the discount or premium determined under the effective interest rate method). 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 special borrowings by the capitalization rate of general borrowings used.

## 27. Biological assets

## 28. Oil and gas assets

## 29. Right-to-use assets

At the inception date of the lease, the Company recognizes right-of-use assets and lease liabilities for leases, except for short-term leases and leases of low-value assets for which the application of the standard provides simplified treatment.

The Company initially measures right-of-use assets at cost. This cost includes.

- 1.The initial measurement amount of the lease liability.
- 2.The amount of lease payments made on or before the commencement date of the lease term for which a lease incentive exists, less the amount related to the lease incentive already taken.
- 3.The initial direct costs incurred.
- 4.Costs that are expected to be incurred to disassemble and remove a leased asset, restore the site on which the leased asset is located, or restore the leased asset to the condition agreed in the terms of the lease. The aforementioned costs are incurred for the production of inventories and are governed by AS 1 - Inventories.

The Company recognizes and measures the costs described in Item 4 above in accordance with ASU No. 13, Contingencies.

Initial direct costs, which are incremental costs incurred to enter into the lease. Incremental costs are costs that would not have been incurred had the lease not been acquired by the enterprise.

The Company depreciates right-of-use assets by referring to the depreciation provisions of ASBE No. 4, "Fixed Assets". Where it is reasonably certain that ownership of the leased asset will be obtained at the end of the lease term, depreciation is provided over the remaining useful life of the leased asset. Where it is not reasonably certain that ownership of the leased asset will be obtained at the end of the lease term, depreciation is provided over the shorter of the lease term or the remaining useful life of the leased asset.

The Company determines whether a right-of-use asset is impaired and accounts for the identified impairment loss in accordance with the provisions of ASU No. 8, Impairment of Assets.

### 30. Intangible assets

#### (1) Valuation methods, useful life, impairment testing

##### 1. ~~Intangible assets 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 charged to current 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 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) (1) the market value of the asset has declined 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 investments have increased in the current period, thereby affecting the flow or realized operating profit (or loss) from the asset is significantly lower (or higher) than the estimated amount; and (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 be determined by taking 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 written 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.

### **31. 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.

### **32. 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.

### **33. 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 employees render 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 before the expiration of the employee's employment contract or offers to compensate the employee for voluntary redundancy, the Company recognizes a liability for compensation for termination of the employment relationship with the employee at the earlier of the time when the Company cannot unilaterally withdraw the termination plan or proposal for redundancy and the time when it recognizes costs related to restructuring involving the payment of termination benefits, which is also recognized in profit or loss. The liability arising from the termination of employment relations with employees is recognized in profit or 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 department is responsible for paying basic social pensions to retired employees. The Company recognizes the amount payable based on the above-mentioned social insurance regulations as a liability in the accounting period in which the employees render services, and includes it in the current profit or loss or the cost of related assets.

### 35. Lease liabilities

At the inception date of the lease, the Company recognizes right-of-use assets and lease liabilities for leases, except for short-term leases and leases of low-value assets for which the application of the standard provides simplified treatment.

The lease liability is initially measured at the present value of the lease payments outstanding at the commencement date of the lease.

Lease payments, which are payments made by the Company to the lessor in connection with the right to use the leased asset during the term of the lease, include.

- 1.Fixed payments and material fixed payments, net of amounts related to lease incentives, if lease incentives exist.
- 2.variable lease payments that depend on an index or rate that is determined at the time of initial measurement based on the index or rate at the beginning of the lease term.
- 3.the exercise price of the purchase option, provided that the Company reasonably determines that it will exercise the option.
- 4.The amount required to be paid to exercise the termination option, provided that the lease term reflects that the Company will exercise the termination option.

5.The amount expected to be paid based on the residual value of the guarantee provided by the Company.

In calculating the present value of lease payments, the Company uses the interest rate embedded in the lease as the discount rate; if the interest rate embedded in the lease cannot be determined, the Company uses the incremental borrowing rate as the discount rate.

### **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 instruments at the date of grant, with a corresponding adjustment to capital surplus, and the services acquired during the

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 based on 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 and the weight of the revenue reversal.

#### (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.

Differences in accounting policies for revenue recognition due to different operating models for the same type of business

#### **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 expenses or losses in subsequent periods are recognized as deferred revenue and are reduced by the related costs in the period in which the related expenses are recognized; if they are used to compensate for related expenses 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 distinguish the different components; if it is difficult to distinguish them, the whole is classified as revenue-related government grants.

6. The Company records government grants related to the Company's ordinary activities in other income or reduces related costs and expenses in accordance with the substance of economic operations; government grants not related to the Company's ordinary activities should be recorded as non-operating income and expenses.

7. The Company treats the discount on policy-based concessional loans obtained by the Company 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) Where the Treasury allocates the discounted funds to the lending bank, which provides loans to the Company at a policy preferential rate, the Company has elected to account for them in accordance with the following method.

1) The actual amount of borrowings received is used as the recorded value of the borrowings and the related borrowing costs are calculated based on the principal amount of the borrowings and the preferential interest rate under this policy.

2) The fair value of the borrowings is used as the recorded value of the borrowings and the borrowing costs are calculated using the effective interest rate method. The difference between the actual amount received and the fair value of the borrowings is recognized as deferred income. The deferred income is amortized over the life of the borrowings using the effective interest rate method to reduce the related borrowing costs.

(2) If the finance 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 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)

#### 1. lessee

When the Company is the lessee, it recognizes a right-of-use asset and a lease liability for the lease at the commencement date of the lease, except for short-term leases and leases of low-value assets that elect to use simplified treatment.

After the commencement date of the lease term, the Company uses the cost model for subsequent measurement of right-of-use assets. Depreciation is provided on right-of-use assets with reference to the depreciation provisions of ASBE No. 4, "Fixed Assets". If the lessee is able to obtain ownership of the leased asset at the end of the lease term with reasonable certainty, depreciation should be provided over the remaining useful life of the leased asset. If it is not reasonably certain that ownership of the leased asset can be obtained at the end of the lease term, depreciation should be provided over the shorter of the lease term and the remaining useful life of the leased asset. The Company determines whether a right-of-use asset is impaired and accounts for the identified impairment loss in accordance with the provisions of ASU No. 8, Impairment of Assets.

The Company calculates interest expense on the lease liability at a fixed periodic rate for each period of the lease term and recognizes it in profit or loss for the current period. If it should be charged to the cost of the related assets in accordance with other standards such as "AS 17-Borrowing Costs", the provisions of those standards apply.

For short-term leases and leases of low-value assets, the Company has elected not to recognize right-of-use assets and lease liabilities and to record lease payments for short-term leases and leases of low-value assets in the cost of the related assets or in current profit or loss on a straight-line basis over the respective periods of the lease term.

#### 2. lessor

##### (1) finance lease

The Company, as lessor, recognizes finance lease receivables on finance leases at the commencement date of the lease term and derecognizes the finance lease assets, and calculates and recognizes interest income for each period of the lease term based on a fixed periodic interest rate.

##### (2) Operating lease

The Company, as lessor, recognizes lease receipts from operating leases as rental income using the straight-line method over the respective periods of the lease term. Initial direct costs incurred in connection with operating leases are capitalized and amortized over the lease term on the same basis as rental income is recognized, and are recognized in profit or loss in the current period.

For fixed assets under operating leases, the Company should depreciate them using the depreciation policy for similar assets; for other operating lease assets, they should be amortized using a

systematic and reasonable method in accordance with the enterprise accounting standards applicable to such assets. The Company follows ASBE No. 8

--**Impairment of Assets**, determine whether an operating lease asset is impaired and account for it accordingly.

#### 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

What and why accounting policies change	Approval process	note
The main changes to the new leasing standard are as follows: 1. Under the new leasing standard, except for short-term leases and leases of low-value assets, lessees no longer distinguish between finance and operating leases, and all leases will be subject to the same accounting treatment, and all must recognize right-to-use assets	As approved by the Board of Directors, the Company has, since 2021 Implementation of the new lease guidelines from 1 January 2009	This change in accounting policy does not involve retroactive adjustments to the Company's prior years and will not have any impact on the Company's financial position, results of operations and

<p>2. For right-of-use assets, if the lessee can reasonably ascertain that it will obtain ownership of the leased asset at the end of the lease term, depreciation shall be provided over the remaining life of the leased asset. If it is not reasonably certain that ownership of the leased asset can be obtained at the end of the lease term, depreciation should be charged over the shorter of the lease term and the remaining life of the leased asset. At the same time, the lessee is required to determine whether the right-of-use asset is impaired and to account for the identified impairment loss; 3. For lease liabilities, the lessee shall calculate the interest expense on the lease liability for each period of the lease term and include it in the current profit and loss; 4. For short-term leases and leases of low-value assets, the lessee may choose not to recognize the right-to-use asset and the lease liability and record them in the relevant asset in each period of the lease term, according to the straight-line method or other systematic and reasonable method.</p> <p>Cost of production or current profit or loss.</p>		<p>Cash flow has a significant impact.</p>
---	--	--

On December 7, 2018, the Ministry of Finance issued the Notice on Revision and Issuance of <Enterprise Accounting Standard No. 21 - Leases> (Caihui [2018])

No. 35) ("New Leasing Standard"), which requires enterprises listed both domestically and internationally and enterprises listed outside of China that adopt IFRSs or ASBEs in preparing their financial statements to be effective from January 1, 2019, and other enterprises that implement ASBEs to be effective from January 1, 2021. As required by the Ministry of Finance, the Company will implement the new leasing standard from January 1, 2021.

## (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 lease standard from 2021

☒ Applicable ☐ Not applicable

Need to adjust opening balance sheet accounts

☒ Yes ☐ No

Consolidated balance sheet

Unit: \$

sports event	31 December 2020	01 January 2021	Adjustments
--------------	------------------	-----------------	-------------

Current assets.			
monetary funds	3,005,503,023.74	3,005,503,023.74	0.00
Settlement provision			0.00
Unbundled funds			0.00
Financial assets held for trading	112,024,283.32	112,024,283.32	0.00
Derivative financial assets			0.00
note receivable			0.00
Accounts receivable	1,643,539,855.05	1,643,539,855.05	0.00
Receivables financing	248,030,138.14	248,030,138.14	0.00
Prepayments	201,603,250.03	201,224,719.01	-378,531.02
premium receivable			0.00
Sub-insurance receivables			0.00



Reserve for reinsurance contracts receivable			0.00
Other receivables	158,923,422.41	158,923,422.41	0.00
Of which: interest receivable			0.00
dividend receivable			0.00
Buy-back financial assets			0.00
inventory	2,217,573,544.25	2,217,573,544.25	0.00
Contractual assets			0.00
Assets held for sale			0.00
Non-current assets due within one year			0.00
Other current assets	170,363,070.27	170,363,070.27	0.00
Total current assets	7,757,560,587.21	7,757,182,056.19	-378,531.02
Non-current assets.			
Disbursement of loans and advances			0.00
debt investment			0.00
Other debt investments			0.00
Long-term receivables	318,381.33	318,381.33	0.00
Long-term equity investments	62,670,833.05	61,086,039.38	-1,584,793.67
Investments in other equity instruments			0.00
Other non-current financial assets			0.00
Investment property	353,451,515.06	353,451,515.06	0.00
fixed assets	563,351,115.48	563,351,115.48	0.00
Construction in progress	348,491,672.17	348,491,672.17	0.00
Productive biological assets			0.00
Oil and gas assets			0.00
Right-to-use assets		121,321,495.24	121,321,495.24
intangible asset	145,121,133.40	145,121,133.40	0.00
Development expenditure	38,045,798.57	38,045,798.57	0.00
reputation of a firm's product	501,933,836.51	501,933,836.51	0.00
Long-term unamortized costs	27,626,004.81	27,542,671.48	-83,333.33
Deferred income tax assets	58,377,061.25	58,377,061.25	0.00
Other non-current assets	228,679,342.91	228,679,342.91	0.00
Total non-current assets	2,328,066,694.54	2,449,304,856.45	121,238,161.91

Total assets	10,085,627,281.75	Annual Report 2021 10,206,486,912.64	120,859,630.89
Current liabilities.			

short term loan	2,841,225,092.90	2,841,225,092.90	0.00
Borrowing from the Central Bank			0.00
unbundled funds			0.00
Trading financial liabilities			0.00
Derivative financial liabilities			0.00
note payable	774,453,444.83	774,453,444.83	0.00
accounts payable	1,142,871,315.26	1,142,871,315.26	0.00
Receipts in advance	5,429,259.44	5,429,259.44	0.00
Contractual liabilities	631,232,797.67	631,232,797.67	0.00
Sale of repurchased financial assets			0.00
Deposit-taking and interbank deposits			0.00
Payment for the purchase and sale of securities			0.00
Underwriting of securities			0.00
Employee compensation payable	118,258,683.05	118,258,683.05	0.00
tax payable	77,399,624.69	77,399,624.69	0.00
Other accounts payable	283,086,841.60	283,086,841.60	0.00
Of which: interest payable	4,082,267.46	4,082,267.46	0.00
dividend payable	1,533,830.67	1,533,830.67	0.00
Fees and commissions payable			0.00
Sub-insurance accounts payable			0.00
Liabilities held for sale			0.00
Non-current liabilities due within one year	18,218,665.13	41,281,456.79	23,062,791.66
Other current liabilities	58,904,050.31	58,904,050.31	0.00
Total current liabilities	5,951,079,774.88	5,974,142,566.54	23,062,791.66
Non-current liabilities.			
Reserve for insurance contracts			0.00
Long-term loans	511,565,532.94	511,565,532.94	0.00
Bonds payable	511,573,883.68	511,573,883.68	0.00
Of which: Preference shares			0.00
perpetual bond			0.00
Lease liabilities		97,796,839.23	97,796,839.23
Long-term accounts payable			0.00

Long-term employee compensation payable		Annual Report 2021	0.00
Projected liabilities	25,412,385.67	25,412,385.67	0.00

Deferred revenue	42,650,250.67	42,650,250.67	0.00
Deferred income tax liabilities	68,451,814.78	68,451,814.78	0.00
Other non-current liabilities			0.00
Total non-current liabilities	1,159,653,867.74	1,257,450,706.97	97,796,839.23
Total liabilities	7,110,733,642.62	7,231,593,273.51	120,859,630.89
Ownership interests.			
share capital	816,578,166.00	816,578,166.00	0.00
Other equity instruments	106,445,097.88	106,445,097.88	0.00
Of which: Preference shares			0.00
perpetual bond			0.00
capital surplus	929,668,957.59	929,668,957.59	0.00
Less: Treasury shares			0.00
Other comprehensive income	-2,391,702.13	-2,391,702.13	0.00
Dedicated reserves			0.00
surplus surplus	124,016,938.15	125,045,324.30	1,028,386.15
General risk allowance			0.00
undistributed profit	457,755,083.06	455,141,903.24	-2,613,179.82
Total equity attributable to owners of the parent company	2,432,072,540.55	2,432,072,540.55	0.00
Minority interests	542,821,098.58	542,821,098.58	0.00
Total owners' equity	2,974,893,639.13	2,974,893,639.13	0.00
Total liabilities and owner's equity	10,085,627,281.75	10,206,486,912.64	120,859,630.89

Description of adjustments

(i) Changes in accounting policies

1. The Company adopted the relevant provisions of ASU No. 21 - Leases (SFAS [2018] 35) on January 1, 2021, and adjusted the amounts of right-of-use assets, lease liabilities, beginning retained earnings and other related items in the financial statements based on the cumulative effect number, with no adjustment to the comparable period information. The change in accounting policy resulted in the following impacts.

Content and reasons for changes in accounting policies	Name and amount of the affected statement item
Adjustment of prepaid rent in accordance with lease guidelines	Reduce "Prepayments" in the consolidated balance sheet as of January 1, 2021 by \$378,531.02.
	Reduce "Long-term amortization" in the consolidated balance sheet as of January 1, 2021 by \$83,333.33.
New "Right-of-use assets" account in the balance sheet	The amount shown in "Right-of-use assets" in the consolidated balance sheet as of January 1, 2021 is \$121,321,495.24. Reclassification of lease liabilities due within one year to "I. Increase in "Non-current liabilities due

---

within one year" in the consolidated balance sheet Annual Report 2021 2021

---

Non-current liabilities due within the year" \$23,062,791.66.

---

New "Lease liabilities" account in the balance sheet  
balance sheet as of January 1, 2021 is \$97,796,839.23.

The amount shown as "Lease liabilities" in the consolidated

The Company as lessee

The Company has elected to adjust the cumulative effect amount only for leases outstanding as of January 1, 2021. The cumulative effect amount of the first execution adjusts the amount of retained earnings and other related items in the financial statements at the beginning of the period of first execution (i.e., January 1, 2021) and does not adjust the information for comparable periods

Whole.

(a) For finance leases prior to the date of initial execution, the Company measures the right-of-use asset and the lease liability at the original carrying amount of the finance lease incoming asset and the finance lease payable, respectively.

For operating leases prior to the date of initial execution, the Company measures the lease liability based on the present value of the remaining lease payments discounted at the incremental borrowing rate at the date of initial execution, while each lease is measured at an amount equal to the lease liability, with necessary adjustments for prepaid rentals.

The Company tests right-of-use assets for impairment and accounts for them accordingly in accordance with the relevant regulations on asset impairment.

The Company applies simplified treatment to operating leases where the leased asset is a low-value asset prior to the date of initial execution or where the operating lease will be completed within 12 months, and no right-of-use asset or lease liability is recognized. In addition, the Company applies the following simplified treatment to operating leases prior to the date of initial execution.

(b) The same discount rate may be used for leases with similar characteristics when measuring the lease liability; the measurement of right-of-use assets may not include initial direct costs.

Where an option to renew or an option to terminate the lease exists, the Company determines the term of the lease based on the actual exercise of the option prior to the date of first execution and other recent circumstances.

As an alternative to testing right-of-use assets for impairment, the Company assesses whether the contract containing the lease was a loss-making contract prior to the date of initial performance and adjusts the right-of-use asset by the amount of the provision for losses recorded in the balance sheet prior to the date of initial performance.

Changes in leases prior to the date of initial execution are accounted for by the Company in accordance with the final arrangements for lease changes.

For the outstanding minimum lease payments for significant operating leases disclosed in the 2020 financial statements. The process for adjusting the difference between the present value of the Company's incremental borrowing rate discounted at January 1, 2021, when the Company is the lessee, and the lease liability recorded on the balance sheet at January 1, 2021, is as follows.

Minimum lease payments for significant operating leases at December 31, 2020	122,833,516.79
Add: Increase in lease payments not recognized at December 31, 2020 but reasonably certain that the lease renewal option will be exercised	28,328,769.16
Less: Minimum lease payments using simplified treatment	6,792,558.32
Of which: short-term leases	6,709,758.32
Leases with less than 12 months remaining	82,800.00
Operating lease payments at January 1, 2021	144,369,727.63
Weighted average incremental borrowing rates	4.50%, 4.65%, 4.75%, 4.90%
Lease liabilities at January 1, 2021 (including the portion due in one year)	120,859,630.89
The impact of the implementation of the new lease standard on financial statement items as at 1 January	

2021 is as follows.

Annual Report 2021

## Consolidated balance sheet

Unit: RMB Yuan

Project	31 December 2020	1 January 2021	Adjustments
Prepayments	228,401,562.29	228,023,031.27	-378,531.02
Right-to-use assets		121,321,495.24	121,321,495.24
Long-term unamortized costs	27,626,004.81	27,542,671.48	-83,333.33
Non-current liabilities due within one year	18,218,665.13	41,281,456.79	23,062,791.66
Lease liabilities		97,796,839.23	97,796,839.23

There is no impact on the consolidated income statement for fiscal 2020.

There is no impact on the parent company balance sheet as at 1 January 2021.



There is no impact on the parent company's income statement for fiscal 2020.

In addition, beginning on the date of initial execution, the Company records cash paid to repay principal and interest on lease liabilities in the statement of cash flows as a cash outflow from financing activities, and payments made under short-term leases and low-value asset leases using simplified treatment and variable lease payments not included in the measurement of lease liabilities continue to be recorded in cash outflows from operating activities.

The Company as lessor

The Company does not have a finance lease as lessor and does not need to adjust its leases as lessor to the new lease standard.

2. Effective January 1, 2021, the Company adopted the relevant provisions of Accounting Standards Interpretation No. 14 (SFAS [2021] 1), which adjusts opening retained earnings and amounts of other related items in the financial statements based on the cumulative effect number, without adjusting the information for comparable periods.

The change in policy had no impact on the financial statements for the reporting period.

3. The Company adopted the relevant provisions of Accounting Standards for Business Enterprises Interpretation No. 15 (Caihui [2021] No. 35), "Presentation Related to Centralized Management of Funds", on January 1, 2021. The financial statement data of the comparable period shall be adjusted accordingly in accordance with this Interpretation.

The change in policy had no impact on the financial statements for the reporting period.

(ii) Other matters

Long-term equity investment of -1,584,793.67, surplus reserve of \$1,028,386.15 and undistributed profit of -2,613,179.82 were retroactively adjusted due to the disposal of part of the equity interest in Shenzhen Tefa Teco Communication Technology Co.

Parent company balance sheet

Unit: \$

sports event	31 December 2020	01 January 2021	Adjustments
Current assets.			
monetary funds	2,451,674,036.80	2,451,674,036.80	
Financial assets held for trading	112,024,283.32	112,024,283.32	
Derivative financial assets			
note receivable			
Accounts receivable	584,864,155.64	584,864,155.64	
Receivables financing	82,283,484.01	82,283,484.01	
Prepayments	12,183,127.36	12,183,127.36	
Other receivables	958,811,212.14	958,811,212.14	
Of which: interest receivable			

dividend receivable	5,195,567.07	Annual Report 2021 5,195,567.07	
inventory	1,014,311,422.50	1,014,311,422.50	
Contractual assets			
Assets held for sale			
Non-current assets due within one year			

Other current assets	52,762,048.11	52,762,048.11	
Total current assets	5,268,913,769.88	5,268,913,769.88	
Non-current assets.			
debt investment			
Other debt investments			
Long-term receivables	44,587,691.57	44,587,691.57	
Long-term equity investments	1,885,137,290.43	1,885,137,290.43	
Investments in other equity instruments			
Other non-current financial assets			
Investment property	341,395,101.69	341,395,101.69	
fixed assets	99,521,975.01	99,521,975.01	
Construction in progress	55,811,618.84	55,811,618.84	
Productive biological assets			
Oil and gas assets			
Right-to-use assets			
intangible asset	35,615,331.38	35,615,331.38	
Development expenditure	38,045,798.57	38,045,798.57	
reputation of a firm's product			
Long-term unamortized costs	3,309,817.82	3,309,817.82	
Deferred income tax assets	8,973,487.33	8,973,487.33	
Other non-current assets	212,733,646.18	212,733,646.18	
Total non-current assets	2,725,131,758.82	2,725,131,758.82	
Total assets	7,994,045,528.70	7,994,045,528.70	
Current liabilities.			
short term loan	1,993,000,000.00	1,993,000,000.00	
Transactional financial liabilities			
Derivative financial liabilities			
note payable	308,691,227.02	308,691,227.02	
accounts payable	664,847,298.74	664,847,298.74	
Receipts in advance	3,893,612.97	3,893,612.97	
Contractual liabilities	505,661,256.63	505,661,256.63	
Employee compensation payable	35,363,581.18	35,363,581.18	
taxes payable	28,489,067.08	28,489,067.08	
Other accounts payable	709,241,997.58	709,241,997.58	

Of which: interest payable	2,761,850.00	2,761,850.00	
dividend payable	1,533,830.67	1,533,830.67	
Liabilities held for sale			
Non-current liabilities due within one year	1,620,271.13	1,620,271.13	
Other current liabilities	50,910,344.23	50,910,344.23	
Total current liabilities	4,301,718,656.56	4,301,718,656.56	
Non-current liabilities.			
Long-term loans	469,626,283.58	469,626,283.58	
Bonds payable	511,573,883.68	511,573,883.68	
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	11,812,134.60	
Deferred income tax liabilities	63,437,079.90	63,437,079.90	
Other non-current liabilities			
Total non-current liabilities	1,056,449,381.76	1,056,449,381.76	
Total liabilities	5,358,168,038.32	5,358,168,038.32	
Ownership interests.			
share capital	816,578,166.00	816,578,166.00	
Other equity instruments	106,445,097.88	106,445,097.88	
Of which: Preference shares			
perpetual bond			
capital surplus	917,735,968.95	917,735,968.95	
Less: Treasury shares			
Other comprehensive income			
Dedicated reserves			
surplus surplus	124,016,938.15	124,016,938.15	
undistributed profit	671,101,319.40		
Total owners' equity	2,635,877,490.38	671,101,319.40	
Total liabilities and owner's equity	7,994,045,528.70	2,635,877,490.38	

Description of adjustments

There is no impact on the parent company balance sheet at 1 January 2021.

**(4) Note on retrospective adjustment of prior period comparative data for the first implementation of the new lease standard from 2021**

☐ Applicable ☒ Not applicable

**45. Other**

**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	The Company and the subsidiaries listed in Note 4, (b) are taxed at 15% of taxable income, and Hong Kong Yuan Xiang Industry and Trade Company Limited, FOURFIBERTECHNOLOGYCO.,LIMITED at 16.5% of taxable income, SDGIINDIAPRIVATELIMITED at 25% of taxable income is charged. 40% of the proceeds and other subsidiaries and grandchildren at 25% of taxable income is charged.
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 Glow 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 Jiademing Communication Technology Co.	25%
Guangdong Tefa Information Optical Cable Co.	25%
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 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%
Shenzhen Tefa Information Data Industry Development Co.	25%
Xi'an Tefa Qianxi Information Industry Development Co.	25%
Sichuan Hualing Photonics 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 state 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 national policies 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 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 9 December 2019), and according to the relevant national policies for high-tech enterprises, the subsidiary is subject to a tax rate of 15% from 2019 to 2021, the applicable tax rate for corporate income tax is 15%.

(4) 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%.

(5) Ltd., 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 certificate issuance date is December 11, 2020), and according to the relevant policies of the State for high-tech enterprises, the subsidiary will be entitled to a certificate from 2020 to 2022 corporate income



The applicable tax rate for the tax is 15%.

(6) Changzhou Tefa Huayin Wire and Cable 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 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 (the date of issuance of the certificate is 22 November 2019), and according to the relevant policies of the State 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%.

(7) Ltd., a subsidiary of the Company, obtained the "High and New Technology Enterprise Certificate" with the number "GR202151001728" 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 9 October 2021, 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.

(8) Ltd., a subsidiary of the Company, obtained the "High and New Technology Enterprise Certificate" with the number "GR202144201092" jointly issued by Shenzhen Science and Technology Innovation Committee, Shenzhen Finance Bureau and Shenzhen Taxation Bureau of the State Administration of Taxation on 23 December 2021, which is valid for three years ( According to the national policy on high-tech enterprises, the applicable corporate income tax rate of Shenzhen Tefa Dongzhi Technology Company Limited is 15% from 2021 to 2023.

(9) Beijing Shenzhou Feiyang Technology Company Limited, 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 state policies for high-tech enterprises, the subsidiary The applicable tax rate of corporate income tax from 2020 to 2022 is 15%.

(10) Sichuan Huatuo Optical Communication Company Limited, 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 Sichuan Taxation Bureau of the State Administration of Taxation, which is valid for three years ( According to the relevant policies of the State for high and new technology enterprises, the applicable corporate income tax rate of the subsidiary is 15% from 2019 to 2021.

(11) 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 and New Technology 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 "High and New Technology Enterprise Certificate" No. " GR202037001504", which is valid for three years (the date of issue of the certificate is 08 December 2020), and according to the relevant

policies of the State for high-tech enterprises, the applicable tax rate of corporate income tax of the subsidiary is 15% from 2020 to 2022.

## 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 Value-Added Tax 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) 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, the Ministry of Finance and the State Administration of Taxation have issued a list of contracts for exemption from VAT on military products for tax declaration, and the VAT tax collected before the issuance of the list of contracts for exemption from VAT on military products 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 Circular 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.

### 3. Other

not

#### vii. notes to the consolidated financial statements

##### 1. Monetary funds

Unit: \$

spor ts even t	Closing balance	Opening balance
cash in hand	18,529.30	49,790.77
a bank account	1,764,620,211.32	2,980,737,538.28
Other monetary funds	53,413,041.42	24,715,694.69
add up the total	1,818,051,782.04	3,005,503,023.74
Of which: total funds held abroad	18,252,274.24	14,672,254.94
Total amount restricted by mortgage, pledge or freeze	56,265,617.21	96,571,767.76

Other notes

##### 2. Financial assets held for trading

Unit: \$

spor ts even t	Closing balance	Opening balance
Of which.		
Financial assets designated as at fair value through profit or loss	84,312,176.49	112,024,283.32
Of which.		
Other (note)	84,312,176.49	112,024,283.32
add up the total	84,312,176.49	112,024,283.32

Other notes.

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 due 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 the owners of the parent company after non-recurring gains and losses achieved by Tefa Dongzhi in 2020 fails 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 of RMB151,912, 781.40 in cash to the Company, and the Company shall receive the compensation liability

The performance compensation amount of \$151,912,781.40 for the person is included in financial assets held for trading and gain on change in fair value.

Note 4: As at 31 December 2021, the Company had received a total of RMB120,000,000.00 from Chen Chuanrong, the original shareholder of Shenzhen Tefa Dongzhi Technology Co. Ltd. has been received by the Company, and the balance of unfulfilled performance commitments due from the compensated party at the end of the period was RMB14,312,176.49.

### 3. Derivative financial assets

### 4. Notes receivable

#### (1) Presentation of notes receivable by category

Unit: \$

sports event	Closing balance	Opening balance
banker's acceptances	21,333,738.65	
commercial promissory note	184,566,809.38	
add up the total	205,900,548.03	

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	
Of which.										
Of which.										

If the provision for bad debts on notes receivable is 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

#### (2) Provision for bad debts charged, recovered or reversed during the period

#### (3) Notes receivable pledged by the company at the end of the period

#### (4) Notes receivable endorsed or discounted by the company at the end of the period and not yet due at the balance sheet date

sports event	Amount derecognized at end of period	Amount not derecognized at end of period
banker's acceptances	40,248,371.99	500,000.00
commercial promissory note		27,656,004.37
add up the total	40,248,371.99	28,156,004.37

(5) Notes transferred by the company to accounts receivable at the end of the period for non-performance by the drawer

(6) Actual write-off of notes receivable during the period

## 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	129,487,401.55	5.64%	129,487,401.60	100.00%	0.00	120,883,357.37	6.76%	86,179,768.47		34,703,588.90
Of which.										
Accounts receivable with provision for bad debts by portfolio	2,124,151,049.82	94.26%	58,708,839.56	2.76%	2,065,442,210.26	1,666,503,104.02	93.24%	57,666,837.87	3.46%	1,608,836,266.15
Of which.										
add up the total	2,253,638,451.37		188,196,241.16		2,065,442,210.26	1,787,386,461.39		143,846,606.34		1,643,539,855.05

Provision for bad debts is made on an individual basis.

Unit: \$

name (of a thing)	Closing balance			
	Book balance	Provision for bad debts	Percentage of accrual	Reasons for accrual
first place	57,364,451.81	57,364,451.81	100.00%	Not expected to be recovered
second place	24,707,200.00	24,707,200.00	100.00%	Not expected to be recovered

third place	6,416,770.11	6,416,770.11	100.00%	Not expected to be recovered
fourth place	6,003,169.07	6,003,169.07	100.00%	Not expected to be recovered
fifth place	4,145,612.02	4,145,612.02	100.00%	Not expected to be recovered
sixth place	3,633,346.02	3,633,346.02	100.00%	Not expected to be recovered
add up the total	102,270,549.03	102,270,549.03	—	—
	Book balance	Provision for bad debts	Percentage of accrual	Reasons for accrual

Provision for bad debts is made on a portfolio basis.

Unit: \$

name (of a thing)	Closing balance		
	Book balance	Provision for bad debts	Percentage of accrual



Up to and including 1 year (hereinafter)	1,672,953,556.98	1,343,343.11	0.08%
1-2 years	265,155,623.61	11,145,326.08	4.20%
2-3 years	92,700,860.75	8,962,985.82	9.67%
3-4 years	31,540,017.45	6,510,528.03	20.64%
4-5 years	15,800,594.57	4,188,810.18	26.51%
More than 5 years	46,000,396.46	26,557,846.34	57.73%
add up the total	2,124,151,049.82	58,708,839.56	—

Disclosure by age

Unit: \$

age of accounts	Book balance
Up to and including 1 year	1,674,774,892.07
1 to 2 years	279,668,146.10
2 to 3 years	177,597,744.50
More than 3 years	121,597,668.70
3 to 4 years	39,549,971.88
4 to 5 years	17,133,259.14
More than 5 years	64,914,437.68
add up the total	2,253,638,451.37

## (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	othe r	
Accounts receivable	143,846,606.34	51,094,084.97			-6,744,450.20	188,196,241.11
add up the total	143,846,606.34	51,094,084.97			-6,744,450.20	188,196,241.11

## (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	As a percentage of the total closing balance of accounts receivable	Closing balance of provision for bad debts
first place	397,229,233.00	17.63%	
second place	154,798,844.51	6.87%	

third place	146,668,600.00	6.51%	5,673,090.00
fourth place	64,783,800.00	2.87%	2,214,605.00
fifth place	57,364,451.81	2.55%	57,364,451.81
add up the total	820,844,929.32	36.43%	

(5) Transfer of accounts receivable and continued involvement in the amount of assets and liabilities formed

Other notes.

(6) Derecognition of receivables due to transfer of financial assets

## 6. Receivables financing

Unit: \$

sports event	Closing balance	Opening balance
note receivable	36,066,040.48	248,030,138.14
add up the total	36,066,040.48	248,030,138.14

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.

## 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	66,859,127.21	91.34%	188,860,734.30	93.86%
1 to 2 years	5,373,606.90	7.34%	11,564,915.98	5.74%
2 to 3 years	688,147.15	0.94%	626,698.07	0.31%
More than 3 years	277,111.10	0.38%	172,370.66	0.09%

add up the total	73,197,992.36	--	Annual Report 2021 201,224,719.01	--
------------------	---------------	----	--------------------------------------	----

Reasons for delays in the settlement of prepayments older than one year and of significant amounts.

(2) Top five advances with closing balances, grouped by object of prepayment

Unit Name	Closing balance	As a percentage of the total closing balance of prepaid accounts (%)
First Place	18,158,580.02	24.81
Second Place	5,000,000.00	6.83
Third place	2,885,100.0	3.94
Fourth Place	2,763,313.96	3.78
Fifth Place	2,662,747.58	3.64
<u>Total</u>	<u>31,469,741.56</u>	<u>43.00</u>

Other notes.

8. Other receivables

Unit: \$

sports event	Closing balance	Opening balance
dividend receivable	14,702,309.70	
Other receivables	153,180,099.57	158,923,422.41
add up the total	167,882,409.27	158,923,422.41

(1) interest receivable

1) Classification of interest receivable

2) Significant overdue interest

3) Provision for bad debts

☐ Applicable ☒ Not applicable

(2) dividend receivable

1) Classification of dividends receivable

Unit: \$

Project (or investee)	Closing balance	Opening balance
Shenzhen Tefatec Communication Technology Co.	14,702,309.70	

add up the total	14,702,309.70	Annual Report 2021
------------------	---------------	--------------------

2) Significant dividends receivable aged over 1 year

3) Provision for bad debts

☐ Applicable ☒ Not applicable

Not applicable

Other notes.

(3) Other receivables

1) Breakdown of other receivables by nature of amount

Unit: \$

Nature of payment	Closing book balance	Opening book balance
Related-unit transactions	99,899,898.28	65,090,959.83
Deposits, security deposits	49,443,889.06	62,522,816.25
Money entrusted to finance	23,350,371.48	23,350,371.48
Conversion of debt guarantees to claims receivable		20,000,000.00
Current payments and other	501,631,727.12	413,560,581.03
export tax rebate		4,775,251.28
add up the total	674,325,885.94	589,299,979.87

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 throughout the life of the (Credit impairment has been incurred)	
Balance as at 1 January 2021	9,964,345.95		420,412,211.51	430,376,557.46
Balance as at 1 January 2021 in the current period	--	--	--	--
Current accrual	-2,557,349.07		93,366,942.88	90,809,593.81
Other changes	-40,364.90			-40,364.90
Balance as at 31 December 2021	7,366,631.98		513,779,154.39	521,145,786.37

Movement in the carrying amount of the provision for losses with significant current period changes

☐ Applicable ☒ Not applicable

Annual Report 2021

Disclosures by

ageing

Unit: \$

age of accounts	Book balance
Up to and including 1 year	125,683,853.80



1 to 2 years	13,235,172.20
2 to 3 years	35,544,522.02
More than 3 years	499,862,337.92
3 to 4 years	7,326,435.52
4 to 5 years	4,849,844.77
More than 5 years	487,686,057.63
add up the total	674,325,885.94

### 3) 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	audit and write off	othe r	
first phase	9,964,345.95	-2,557,349.07			-40,364.90	7,366,631.98
Phase III	420,412,211.51	93,366,942.88				513,779,154.39
add up the total	430,376,557.46	90,809,593.81			-40,364.90	521,145,786.37

### 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 account s	As a percentage of the total closing balance of other receivables	Closing balance of provision for bad debts
Chen Chuanrong	Current payments and other	371,759,968.32	More than 5 years	55.13%	371,759,968.32
Shenzhen Tefatec Communication Technology Co.	Related-unit transactions	60,239,054.05	Within 1 year	8.93%	
Shenzhen Tefa Information Cable TV Co.	Related-unit transactions	39,660,844.23	More than 5 years	5.88%	39,660,844.23

Shenzhen Huafuyang Supply Chain Co.	Current payments and other	31,306,607.76	Annual Report 2021 More than 5 years	4.64%	31,306,607.76
Shenzhen Yijun Industry and Trade Co.	Current payments and other	24,925,659.06	More than 5 years	3.70%	24,925,659.06
add up the total	—	527,892,133.42	—	78.28%	467,653,079.37

6) Receivables involving government grants

7) Other receivables derecognized due to transfer of financial assets

8) Transfer of other receivables and continued involvement in the amount of assets and liabilities created

## 9. Inventory

Is the company required to comply  
with the disclosure requirements of  
the real estate industry No

### (1) Inventory classification

Unit: \$

sports event	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	442,184,065.39	122,057,153.55	320,126,911.84	639,828,949.09	92,006,309.04	547,822,640.05
in products	213,017,736.79	40,973,937.92	172,043,798.87	413,188,391.18	6,219,386.11	406,969,005.07
Goods in stock	185,376,887.91	38,372,752.72	147,004,135.19	294,619,326.53	81,542,520.34	213,076,806.19
Sending goods	338,632,696.43	59,439,985.82	279,192,710.61	1,137,613,831.16	110,201,000.36	1,027,412,830.80
low-value consumables	3,083,480.74	108,552.83	2,974,927.91	2,111,534.12	43,581.87	2,067,952.25
Commissioned materials	21,077,030.73		21,077,030.73	20,224,309.89		20,224,309.89
add up the total	1,203,371,897.99	260,952,382.84	942,419,515.15	2,507,586,341.97	290,012,797.72	2,217,573,544.25

### (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	Reversals or write-offs	other	
raw materials	92,006,309.04	122,531,198.60		82,153,056.63	10,327,297.46	122,057,153.55
in products	6,219,386.11	67,079,653.47		32,325,101.66		40,973,937.92
Goods in stock	81,542,520.34	56,226,268.41		89,635,212.40	9,760,823.63	38,372,752.72
Sending goods	110,201,000.36	176,347,376.65		227,108,391.19		59,439,985.82
low-value consumables	43,581.87	64,970.96				108,552.83

Commissioned materials						
add up the total	290,012,797.72	422,249,468.09		431,221,761.88	20,088,121.09	260,952,382.84

Other decrease in provision for inventory decline during the period represents the decrease in provision for inventory decline after Shenzhen Tefa Teco Communication Technology Co.

(3) Note on the closing balance of inventories containing amounts capitalized for borrowing costs

(4) Explanation of the amount of current amortization of contract performance costs

#### 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	127,678,097.20	170,038,048.30
fixed deposit	30,000,000.00	
Prepaid taxes	6,542,099.80	325,021.97
hedging instrument	1,686,314.50	
other	618,454.18	
add up the total	166,524,965.68	170,363,070.27

#### 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	Annual Report 2021 318,381.33		318,381.33	
add up the total	318,381.33		318,381.33	318,381.33		318,381.33	-

Impairment of 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 throughout the life of the (No credit impairment has occurred)	Expected credit losses throughout the life of the (Credit impairment has been incurred)	
Balance as at 1 January 2021 in the current period	-	-	-	-

Movement in the carrying amount of the provision for losses with significant current period changes

☐ Applicable ☒ Not applicable

(2) Long-term receivables derecognized due to transfer of financial assets

(3) Transfer of long-term receivables and continued involvement in the amount of assets and liabilities created

## 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
		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		
I. Joint ventures											
II. Associated enterprises											
Chongqing Tefa Bohua Optical Cable Co.			2,300,000.00			-5,187.63		-2,305,187.63			
Shenzhen Yuan Zhi Fu											

Sea informatio n industry M&A investment enterprise (limited partnership) (partner)	58,367,40 5.50			-554,799. 83			Annual Report 2021			57,812,60 5.67	
AtopEuropeA /S	4,303,427 .55			846,236.1 3						5,149,663 .68	
Shenzhen Tefatec Communicat ion Technology Co.			10,302,00 0.00	10,261,20 3.55			-14,702,3 09.70		9,217,944 .87	23,879,45 8.12	
Subtotal	62,670,83 3.05		12,602,00 0.00	10,552,63 9.85		-5,187.63	-14,702,3 09.70	-2,305,18 7.63	9,217,944 .87	86,841,72 7.47	
add up the total	62,670,83 3.05		12,602,00 0.00	10,552,63 9.85		-5,187.63	-14,702,3 09.70	-2,305,18 7.63	9,217,944 .87	86,841,72 7.47	



## 18. Investments in other equity instruments

## 19. Other non-current financial assets

Unit: \$

sports event	Closing balance	Opening balance
Shaanxi Tefa Maipu Venture Capital Partnership (Limited Partnership)	10,000,000.00	
add up the total	10,000,000.00	

## 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	490,488,279.79	41,283,631.97		531,771,911.76
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	314,717.63			314,717.63
(1) Disposal	314,717.63			314,717.63
(2) Other transfers out				
4. Closing balance	490,173,562.16	41,283,631.97		531,457,194.13
II. Accumulated depreciation and accumulated amortization				
1. Opening balance	160,385,959.05	17,934,437.65		178,320,396.70
2. Increase in the current period	16,989,041.26	969,854.06		17,958,895.32
(1) Accrual or amortization	16,989,041.26	969,854.06		17,958,895.32

3. Decrease in the current period	Shenzhen Tefu Information Company Limited Full			
	147,948.34	Annual Report 2021		147,948.34
(1) Disposal	147,948.34			147,948.34
(2) Other transfers out				

4. Closing balance	177,227,051.97	18,904,291.71		196,131,343.68
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	312,946,510.19	22,379,340.26		335,325,850.45
2. Opening book value	330,102,320.74	23,349,194.32		353,451,515.06

(2) Investment properties using the fair value measurement model

☐ Applicable ☒ Not applicable

(3) Status of investment properties without proper title deeds

Unit: \$

sports event	book value	Reasons for non-completion of title deeds
Longhua Plant	640,061.85	Temporary construction not processed
1-3/F, Building 2, Bagua Ling Factory	1,190,893.72	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	27,495,688.84	Property deeds in process
Technology Park Building 4-6 floors	12,388,384.79	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
add up the total	41,715,029.20	

Other notes

21. Fixed assets

Unit: \$

sports	Closing	Opening
--------	---------	---------

event	balance	balance
fixed assets	512,580,840.80	563,351,115.48
add up the total	512,580,840.80	563,351,115.48

(1) Fixed assets

Unit: \$

spor ts even t	Houses and buildings	Machinery and equipment	carrier	Electronic equipment	add up the total
i. Original book value.					
1. Opening balance	362,227,088.18	774,656,672.67	10,604,186.19	191,827,506.40	1,339,315,453.44
2. Increase in the current period		17,240,243.81	748,569.41	16,969,235.84	34,958,049.06
(1) Acquisition		15,357,308.19	748,569.41	16,969,235.84	33,075,113.44
(2) Transfer from construction in progress		1,882,935.62			1,882,935.62
(3) Increase in business combinations					
3. Decrease in the current period		3,190,143.02	410,335.46	10,153,800.07	13,754,278.55
(1) Disposal or scrapping		3,190,143.02	410,335.46	10,153,800.07	13,754,278.55
4. Closing balance	362,227,088.18	788,706,773.46	10,942,420.14	198,642,942.17	1,360,519,223.95
II. Accumulated depreciation					
1. Opening balance	129,957,603.54	496,980,648.24	8,650,439.06	139,276,706.30	774,865,397.14
2. Increase in the current period	13,532,274.58	56,108,115.66	439,321.48	13,903,465.76	83,983,177.48
(1) Accrual	13,532,274.58	56,108,115.66	439,321.48	13,903,465.76	83,983,177.48
3. Decrease in the current period		2,944,918.79	372,623.04	8,691,590.46	12,009,132.29
(1) Disposal or scrapping		2,944,918.79	372,623.04	8,691,590.46	12,009,132.29
4. Closing balance	143,489,878.12	550,143,845.11	8,717,137.50	144,488,581.60	846,839,442.33
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			Annual Report 2021		
(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	217,651,731.07	238,562,928.35	2,225,282.64	54,140,898.74	512,580,840.80

2. Opening book value	231,184,005.65	277,676,024.43	1,953,747.13	52,537,338.27	563,351,115.48
-----------------------	----------------	----------------	--------------	---------------	----------------

(2) Status of fixed assets temporarily inactive

(3) Fixed assets leased out through operating leases

(4) Status of fixed assets without proper title deeds

(5) Liquidation of fixed assets

## 22. Work in progress

Unit: \$

sports event	Closing balance	Opening balance
Construction in progress	529,014,262.68	348,491,672.17
add up the total	529,014,262.68	348,491,672.17

(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	166,925,328.93		166,925,328.93	159,907,362.72		159,907,362.72
ERP project and production line equipment	2,048,370.68		2,048,370.68	7,387,707.08		7,387,707.08
Tefa Information Smart City Creative Exhibition Base Construction Project	349,635,540.01		349,635,540.01	179,110,779.75		179,110,779.75
Piecework	5,723,388.95		5,723,388.95	1,714,850.36		1,714,850.36
Infrastructure projects	4,681,634.11		4,681,634.11	370,972.26		370,972.26
add up the total	529,014,262.68		529,014,262.68	348,491,672.17		348,491,672.17

(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	159,907,362.72	7,017,966.21			166,925,328.93	50.01%	unfinished	1,958,965.93	66,043.16	5.90%	share issue
special message	500,000,	179,110,	170,524,			349,635,	69.93%	unfinished	17,199,5	14,811,1	5.19%	offering capital



smart city Construc tion project for the creation of an exhibiti on base	000.00	779.75	760.26			540.01			24.95	84.48		golden
add up the total	833,760, 000.00	339,018, 142.47	177,542, 726.47			516,560, 868.94	—	—	19,158,4 90.88	14,877,2 27.64		—

(3) Provision for impairment of construction in progress during the period

(4) Engineering supplies

## 23. Productive biological assets

(1) Productive biological assets using the cost measurement model

☐ Applicable ☒ Not applicable

(2) Productive biological assets using the fair value measurement model

☐ Applicable ☒ Not applicable

## 24. Oil and gas assets

☐ Applicable ☒ Not applicable

## 25. Right-to-use assets

Unit: \$

sports event	Houses and buildings	add up the total
i. Original book value.	121,321,495.24	121,321,495.24
1. Opening balance		
2. Increase in the current period	87,749,203.11	87,749,203.11
leased-in	87,749,203.11	87,749,203.11
3. Decrease in the current period		
4. Closing balance	209,070,698.35	209,070,698.35

II. Accumulated depreciation	Annual Report 2021	
1. Opening balance		
2. Increase in the current period	34,174,160.97	34,174,160.97
(1) Accrual	34,174,160.97	34,174,160.97

3. Decrease in the current period		
(1) Disposal		
4. Closing balance	34,174,160.97	34,174,160.97
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	174,896,537.38	174,896,537.38
2. Opening book value	121,321,495.24	121,321,495.24

## 26. Intangible assets

### (1) Status of intangible assets

Unit: \$

spor ts even t	Land use rights	patent rights	Non-patented technology	(computer) software	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	22,313,232.81	1,611,350.00	238,323,578.52
2. Increase in the current period				6,174,505.53		6,174,505.53
(1) Acquisition				6,174,505.53		6,174,505.53
(2) In-house research and development						
(3) Increase in business						

combinations			Annual Report 2021			
3. Decrease in the current period						
(1) Disposal						
4. Closing balance	141,977,896.27	18,174,566.74	54,246,532.70	28,487,738.34	1,611,350.00	244,498,084.05
II. Accumulated amortization						

1. Opening 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
2. Increase in the current period	3,686,079.48	1,673,235.96	7,300,279.66	2,521,794.51		15,181,389.61
(1) Accrual	3,686,079.48	1,673,235.96	7,300,279.66	2,521,794.51		15,181,389.61
3. Decrease in the current period						
(1) Disposal						
4. Closing balance	34,606,474.63	15,219,703.95	44,211,371.42	12,734,934.73	1,611,350.00	108,383,834.73
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	107,371,421.64	2,954,862.79	10,035,161.28	15,752,803.61		136,114,249.32
2. Opening book value	111,057,501.12	4,628,098.75	17,335,440.94	12,100,092.59		145,121,133.40

Intangible assets formed through in-house research and development as a percentage of the intangible asset balance at the end of the period.

## (2) Status of land use rights without proper title deeds

## 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	10,708,606.48						48,754,405.05
add up the total	38,045,798.57	10,708,606.48						48,754,405.05

## 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. 2)	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.	205,691,678.94					205,691,678.94
Beijing Shenzhou Feiyang Technology Co. 5)	246,219,970.44					246,219,970.44
(Note 6) Sichuan Huatuo Optical Communication Co.	53,043,444.31					53,043,444.31
Shenzhen Tefa Information Technology Service Co. (Note 7)	1,980,000.00					1,980,000.00
add up the total	511,969,240.77					511,969,240.77

### (2) Provision for impairment of goodwill

Unit: \$

Name of investee or matters forming goodwill	Opening balance	Increase in the 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 Shenzhou Feiyang Technology Co.						

Sichuan Huatuo Optical Communication Co.			Annual Report 2021			
Shenzhen Tefa Information Technology Service Co.						
add up the total	10,035,404.26					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		
Total attributable	Of which: minority shares	Main components	Carrying value determination	Method of	Issued or not issued during the period shift
	Goodwill of East				
205,691,678.94		Chengdu Fourier Electronics	216,898,083.54	Products produced by the asset group in which the goodwill is located	deny



		Long-term assets of Technology Ltd.	The existence of an active market that generates independent cash flows can be recognized as a Separate asset groups	
351,742,814.91	105,522,844.47	Beijing Shenzhou Feiyang Science and Technology Co. Technology Limited Liability Company	376,088,188.03 Products produced by the asset group in which the goodwill is located	deny
		Long-term assets of the	The existence of an active market can lead to independent of cash flow, which can be identified as a Separate asset groups	
75,776,349.01	22,732,904.70	Sichuan Huatuo Optical Communication joint-stock limited company	136,827,704.53 Products manufactured by the asset group in which the goodwill is located	deny
		Long-term assets	The existence of an active market can lead to independent of cash flow, which can be identified as a Separate asset groups	

Describe the goodwill impairment testing process, key parameters (e.g. projected period growth rate at present value of expected future cash flows, stabilization period growth rate, profitability, discount rate, projection period, etc.) and the method for 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 include 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 13.94% for Chengdu Fuliye Electronic Technology Co., Ltd., 13.14% for Beijing Shenzhou Feixiang Technology Co., Ltd. and 12.62% 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 one to five 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 in 2010 under non-same control of the Company. 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-identical control of the Company 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. The process of goodwill impairment testing at the end of the period is detailed in Note VI, (xix) 2 and Note VI, (xix) 3.

Note 4: The goodwill arose from the Company's consolidation of Chengdu Fuliye Electronic Technology Co., Ltd. under non-same control 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. For details of the impairment testing process of goodwill at the end of the period, please refer to Note VI, (xix)2 and Note VI, (xix) 3.

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 VI, (xix) 2 and Note VI, (xix) 3 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 6, (xix) 2 and Note 6, (xix) 3 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 goodwill impairment was made. For details of the impairment testing process of goodwill at the end of the period, please refer to Note 6, (xix) 2 and Note 6, (xix) 3.

## 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	23,099,335.27	24,210,095.17	11,482,316.94	310,172.90	35,516,940.60
Base stations and network terminals	4,245,551.71		4,245,551.71		
Other minor works	197,784.50	2,807,692.37	368,297.10		2,637,179.77
add up the total	27,542,671.48	27,017,787.54	16,096,165.75	310,172.90	38,154,120.37

Other notes

## 30. Deferred income tax assets/deferred income tax liabilities

### (1) Deferred income tax assets not offset

Unit: \$

spor ts even t	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for asset impairment	148,651,091.41	22,548,934.41	250,278,991.69	36,006,765.24
Unrealized profit on internal transactions	15,055,622.23	2,291,942.48	3,004,578.57	469,053.97
Deferred revenue	8,830,622.79	1,324,593.41	31,406,560.16	4,710,984.03
Withholding costs	177,811.98	26,671.80		
depreciation and amortization	285,749.51	42,862.42		
workforce remuneration			22,618,702.83	3,392,805.41

Deductible losses	157,838,269.97	26,880,808.23	Annual Report 2021 38,950,456.44	8,490,724.42
Projected liabilities			25,412,385.67	5,306,728.18
add up the total	330,839,167.89	53,115,812.75	371,671,675.36	58,377,061.25

## (2) Deferred income tax liabilities without offsetting

Unit: \$

spor ts even t	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	11,732,489.73	1,759,873.46	19,518,333.74	2,927,750.06
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	84,312,176.45	12,646,826.47	212,024,283.32	31,803,642.50
Accelerated depreciation of fixed assets	27,344,542.37	4,101,681.36	13,913,232.13	2,086,984.82
add up the total	334,278,791.21	50,141,818.69	456,345,431.85	68,451,814.78

(3) Deferred income tax assets or liabilities presented as net of offsetting

Unit: \$

sports event	Amounts of deferred 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		53,115,812.75		58,377,061.25
Deferred income tax liabilities		50,141,818.69		68,451,814.78

(4) Breakdown of unrecognized deferred tax assets

(5) Deductible losses on unrecognized deferred income tax assets will expire in the following years

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

			Annual Report 2021			
Advances for the acquisition of fixed assets and other long-term assets	125,896,085.26		125,896,085.26	17,590,380.51		17,590,380.51
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	336,985,047.66	0.00	336,985,047.66	228,679,342.91	0.00	228,679,342.91

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. 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" issued by Shenzhen Pengxin Asset Appraisal Land and Real Estate Estimating Co.

[2019]No. 132), the fair value of Tyco Building is \$216,708,600.00. The Company recognized the fair value of Tyco Building at \$216,708,600.00 less the compensation received for renovation, relocation expenses, discontinuation of production and business subsidies, and compensation for the retirement of leased properties totaling \$5,619,637.60 as other non-current assets - Tyco Building relocation back to property compensation.

### 32. Short-term borrowings

#### (1) Classification of short-term borrowings

Unit: \$

sports event	Closing balance	Opening balance
pledged loan		19,200,000.00
guaranteed loan	311,339,200.00	204,306,937.86
credit facility	1,331,432,220.57	2,617,718,155.04
interest due	1,502,719.10	
add up the total	1,644,274,139.67	2,841,225,092.90

Notes on the classification of short-term borrowings.

#### (2) Status of overdue short-term borrowings

### 33. Financial liabilities held for trading

### 34. Derivative financial liabilities

### 35. Notes payable

Unit: \$

type	Closing balance	Opening balance
commercial promissory note	385,329,448.37	384,695,721.25
banker's acceptances	350,329,335.43	389,757,723.58
add up the total	735,658,783.80	774,453,444.83

Total notes payable due and unpaid at the end of the period were \$11,481,574.59.

### 36. Accounts payable

#### (1) Presentation of accounts payable

Unit: \$

sports event	Closing balance	Opening balance
Within 1 year	288,503,079.34	926,893,694.90
1 to 2 years	139,667,309.57	131,638,536.98
2 to 3 years	28,834,359.88	37,887,314.40
More than 3 years	22,354,945.64	46,451,768.98

add up the total	Annual Report 2021 479,359,694.43	1,142,871,315.26
------------------	--------------------------------------	------------------



(2) Significant accounts payable aged over 1 year

Unit: \$

sports event	Closing balance	Reasons for non-reimbursement or carry-over
Changfei Fiber Optic Cable Co.	14,174,946.21	Non-payment for failure to meet contract requirements
add up the total	14,174,946.21	—

37. Receipts in advance

(1) Presentation of receipts in advance

Unit: \$

sports event	Closing balance	Opening balance
rent	3,273,078.80	5,429,259.44
add up the total	3,273,078.80	5,429,259.44

(2) Significant receipts in advance aged over 1 year

38. Contractual liabilities

Unit: \$

sports event	Closing balance	Opening balance
payment for goods	78,423,693.31	631,232,797.67
add up the total	78,423,693.31	631,232,797.67

39. Payables to employees

(1) Presentation of payables to employees

Unit: \$

sports event	Opening balance	Increase in current period	Decrease for the period	Closing balance
I. Short-term remuneration	114,233,286.04	418,033,901.00	429,452,707.99	102,814,479.05
II. Post-employment benefits - defined contribution plan	685,638.89	33,173,417.05	33,432,107.76	426,948.18
III. Termination benefits	3,339,758.12	2,721,232.66	2,721,232.66	3,339,758.12

add up the total	118,258,683.05	453,928,550.71	Annual Report 2021 465,606,048.41	106,581,185.35
------------------	----------------	----------------	--------------------------------------	----------------

## (2) Presentation of short-term remuneration

Unit: \$

sports event	Opening balance	Increase in the current period	Decrease for the period	Closing balance
1. Salaries, bonuses, allowances and subsidies	100,268,475.84	373,926,807.58	382,296,930.41	91,898,353.01
2. Employee benefit costs		16,416,169.00	16,416,169.00	
3. Social security contributions	496,978.92	10,737,815.11	11,050,151.13	184,642.90
Of which: health insurance premiums	430,500.76	9,395,620.24	9,695,685.79	130,435.21
Workmen's compensation insurance premiums	3,317.98	644,273.26	640,843.08	6,748.16
Maternity insurance premiums	63,160.18	697,921.61	713,622.26	47,459.53
4. Housing Provident Fund	6,675.00	13,742,241.49	13,730,961.53	17,954.96
5. Trade union funding and staff education funding	12,801,896.68	3,202,401.62	5,291,040.12	10,713,258.18
Other short-term remuneration	659,259.60	8,466.20	667,455.80	270.00
add up the total	114,233,286.04	418,033,901.00	429,452,707.99	102,814,479.05

### (3) Presentation of defined contribution plans

Unit: \$

sports event	Opening balance	Increase in current period	Decrease for the period	Closing balance
1. Basic pension insurance	292,118.61	28,041,186.53	28,015,797.62	317,507.52
2. Unemployment insurance premiums	2,177.72	785,956.88	779,044.94	9,089.66
3. Enterprise annuity contributions	391,342.56	4,334,437.92	4,625,429.48	100,351.00
other		11,835.72	11,835.72	
add up the total	685,638.89	33,173,417.05	33,432,107.76	426,948.18

Other notes.

#### 4. Severance benefits

sports event	Amount of current contributions	Outstanding amount due at end of period
Compensation for termination of employment relations	2,721,232.66	3,339,758.12

add up the totalAnnual Report 2021  
2,721,232.663,339,758.12**40. Taxes and fees payable**

Unit: \$

sports event	Closing balance	Opening balance
value-added tax (VAT)	16,585,080.79	29,411,369.91
corporate income tax	13,383,089.06	41,812,430.63
personal income tax	589,517.80	360,406.47

city maintenance and construction tax	3,327,323.04	2,231,368.07
Education surcharge (including local education surcharge)	2,744,920.03	1,686,439.07
Stamp duty and others	5,225,982.75	1,897,610.54
add up the total	41,855,913.47	77,399,624.69

Other notes.

#### 41. Other accounts payable

Unit: \$

sports event	Closing balance	Opening balance
interest due		4,082,267.46
dividend payable	4,533,830.67	1,533,830.67
Other accounts payable	278,399,052.11	277,470,743.47
add up the total	282,932,882.78	283,086,841.60

##### (1) interest due

Unit: \$

sports event	Closing balance	Opening balance
Interest on long-term borrowings payable in instalments and principal repayments		103,727.08
Corporate bond interest		635,430.55
Interest payable on short-term borrowings		3,343,109.83
add up the total		4,082,267.46

##### (2) dividend payable

Unit: \$

sports event	Closing balance	Opening balance
ordinary share dividend	4,533,830.67	1,533,830.67
add up the total	4,533,830.67	1,533,830.67

Other notes, including significant dividends payable that have been outstanding for more than one year, should disclose the reasons for non-payment.

##### (3) Other accounts payable

##### 1) Other accounts payable by nature of payment

Unit: \$

sports event	Closing balance	Opening balance
-----------------	--------------------	--------------------

Related-unit transactions	3,316,977.44	1,376,791.80
Payment for equipment work	33,680,566.39	32,620,143.34
Deposits and security deposits	31,518,720.97	34,087,805.33
Service accrual	40,874,103.93	37,435,490.92
Current payments and other	169,008,683.38	171,950,512.08
add up the total	278,399,052.11	277,470,743.47

## 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	--

Other notes

## 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	45,664,607.75	18,218,665.13
Lease liabilities due within one year	36,546,071.21	23,062,791.66
add up the total	82,210,678.96	41,281,456.79

Other notes.

## 44. Other current liabilities

Unit: \$

sports event	Closing balance	Opening balance
Taxes to be transferred	34,233,061.69	58,904,050.31
add up the total	34,233,061.69	58,904,050.31

## 45. Long-term borrowings

### (1) Classification of long-term borrowings

Unit: \$

sports event	Closing balance	Opening balance
-----------------	--------------------	--------------------



secured loan		58,537,643.36
guaranteed loan		16,262,575.09
credit facility	961,636,016.23	454,983,979.62
Less: Long-term loans due within one year	-45,664,607.75	-18,218,665.13
add up the total	915,971,408.48	511,565,532.94

Notes on the classification of long-term borrowings.

Other notes, including interest rate bands.

## 46. Bonds payable

### (1) Bonds payable

Unit: \$

events	Closing balance	Opening balance
Convertible corporate bonds - face value	416,045,994.41	609,321,100.00
Convertible bonds - interest adjustment	-52,058,754.62	-97,747,216.32
corporate bonds (finance)	799,421,584.90	
Bonds payable -- interest payable outstanding	7,970,090.60	
add up the total	1,171,378,915.29	511,573,883.68

### (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	Release Date	Duration of bonds	Issue amount	Opening balance	Current Issuance	Interest accrued at par	amortization of premium and discount	Current reimbursement	Amount transferred during the period	Redemption during the period	Closing balance
special issue of convertible	100.00	2018-11-16	5 years	419,400,000.00	52,730,123.28		96,461.13	6,590,976.72		53,868,700.00	5,452,400.00	

Shenzhen Tefa Information Company Limited 2021												
bonds							Annual Report 2021					
Tefa convertible bonds 2	100.00	2020-08-07	5 years	550,000,000.00	458,843,760.40		2,089,663.01	39,165,279.39		134,021,800.00		363,987,239.79
General corporate bonds	100.00	2021-3-24	5 years	800,000,000.00		800,000,000.00	8,222,191.87	-578,415.10				799,421,584.90
add up the total	—	—	—	1,769,400,000.00	511,573,883.68	800,000,000.00	10,408,316.01	45,177,841.01		187,890,500.00	5,452,400.00	1,163,408,824.69

### (3) Description of conversion conditions and timing of conversion of convertible corporate bonds

#### ①Tefa Convertible Bond

Approved by the China Securities Regulatory Commission under the document "SEC License [2018] No. 1627", on November 16, 2018, the Company publicly issued 4,190,400,000 sheets of the available

Convertible corporate bonds, each with a face value of \$100, were issued for a total amount of \$419.4 million. The coupon rates of the bonds are 0.4% per annum 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, respectively. 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 is from the first trading day after six months from 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) to 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 the 2018 profit distribution and capitalisation of capital reserve scheme: 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 corporate bonds was reduced by RMB351,243,500.00 due to the conversion of debt.

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. According to 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 as a result of the debt conversion shares.

Redemption at maturity clause: Within five trading days after the expiration of the convertible bonds issued, the Company will redeem the convertible bonds issued at 108.00% of the par value of the convertible bonds

(including the last installment of interest) to redeem all outstanding convertible bonds from investors.

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 be entitled 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. Convertible bonds.

Resale provisions: (1) Conditional resale provisions 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 current conversion price, 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 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 publicly 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 additional 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 be entitled 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. Convertible bonds.

Resale Terms: (1) Conditional Resale Provisions The convertible bonds issued in this issue will be resold in the last two interest-bearing years if the company's stock is sold for any thirty consecutive

If the closing price on the trading day 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 face value of the bonds plus 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 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.

(iii) General corporate bonds

The issuance of corporate bonds with a total nominal value of up to RMB1.5 billion to institutional investors among professional investors was registered by the China Securities Regulatory Commission under the document "Securities Regulatory License [2020] 2063". The Issuer will issue the bonds by instalments.

"Shenzhen Tefa Information Company Limited 2021 Public Issue of Corporate Bonds for Professional Investors (Phase I)" is the first issue under this bond, the issue size of which shall not exceed RMB500 million (including RMB500 million), and the remaining portion shall be issued within twenty-four months from the date of registration of the issue by the CSRC.

The Company will issue corporate bonds for professional investors from March 24, 2021 to March 26, 2021, with the abbreviation of "21TeXin01" and the code of 149427. The issue price is RMB100 per bond, the coupon rate is 4.30%, the maturity is 5 years, with the issuer's option to adjust the coupon rate and the investor's option to sell back at the end of the third year.

"Shenzhen Tefa Information Company Limited 2021 Public Issue of Corporate Bonds for Professional Investors (Phase II)", the issue size of which shall not exceed RMB1 billion (including RMB1 billion), with the remaining portion to be issued within twenty-four months from the date of registration of the issue by the China Securities Regulatory Commission.

The Company issued corporate bonds (Phase II) for professional investors from October 19, 2021 to October 21, 2021 (hereinafter referred to as the "Bonds"), with the abbreviation of "21TeXin02" and the bond Code 149665, with a maturity of 3 years and an issue size of not more than 300 million yuan

(including 300 million yuan), each with a face value of 100 yuan, the number of issue is not more than 3 million, the issue price is RMB 100 yuan/sheet, the coupon rate is 3.50%; the second variety is abbreviated as 21TeXin03", the bond code is 149666, the issue size is not more than 700 million yuan (including 700 million yuan), each with a face value of 100 yuan, the number of issue is not more than The issue size is not more than RMB 700 million (including RMB 700 million), the face value of each bond is RMB 100, the number of bonds issued is not more than 7 million, the issue price is RMB 100 per bond, the coupon rate is 3.60%, the term is 5 years, with the issuer's

option to adjust the coupon rate and the investor's option to sell back at the end of the third year, and there is no callback option between varieties.

**Bond interest rate and its determination method:** The coupon rate of the bonds is determined by book-entry method. The coupon rate of the bonds is fixed for the first 3 years of the maturity period. At the end of the third year of the maturity period, the issuer may choose to adjust the coupon rate, and the coupon rate for the second 2 years of the maturity period is the coupon rate for the first 3 years of the maturity period plus or minus the basis point adjusted by the issuer, and is fixed for the second 2 years of the maturity period.

**Issuer's option to adjust the coupon rate:** The Issuer has the right to decide to adjust the coupon rate for the following two years at the end of the third year of the life of the Bonds. The Issuer will make an announcement on the 21st trading day prior to the interest payment date of the 3rd interest-bearing year on whether the coupon rate of the Bonds will be adjusted and the extent of the adjustment. If the issuer does not exercise the coupon rate adjustment option, the coupon rate for the subsequent maturity will remain unchanged.

**Investors' option to resell:** The Issuer will make an announcement on the 21st trading day prior to the interest payment date of the 3rd interest-bearing year during the life of the Bonds on whether to adjust the coupon rate of the Bonds and the extent of the adjustment. The Issuer will publish an announcement on the specific resale arrangements in the information disclosure media designated by the CSRC before the start date of the reporting period of the resale registration. After the issuer issues the notice of resale, investors have the right to choose to sell back to the issuer all or part of their bonds at par before the interest payment date in the third interest-bearing year of the bonds. Bondholders exercising the resale right may report the resale through the designated method. If they do not report during the reporting period of the resale registration period, they shall be deemed to have given up the resale option, continue to hold the bonds and accept the above-mentioned decision on whether to adjust the coupon rate of the bonds and the rate of adjustment.

(4) Description of other financial instruments classified as financial liabilities

47. Lease liabilities

Unit: \$

sports event	Closing balance	Opening balance
Rental of buildings and premises	143,338,180.10	97,796,839.23
add up the total	143,338,180.10	97,796,839.23

48. Long-term accounts payable

49. Long-term employee compensation payable

50. Projected liabilities

Unit: \$

sports event	Closing balance	Opening balance	Causes of formation
Outstanding litigation	98,407.87	25,412,385.67	
Product Quality Assurance	167,990.72		
Sales rebate	605,008.24		
add up the total	871,406.83	25,412,385.67	--

51. Deferred revenue

Unit: \$

sports event	Opening balance	Increase in current period	Decrease for the period	Closing balance	Causes of formation
Government grants	42,650,250.67	8,808,960.00	18,665,560.70	32,793,649.97	
add up the total	42,650,250.67	8,808,960.00	18,665,560.70	32,793,649.97	--

Projects involving government grants.

Unit: \$

Liability items	Opening balance	Amount of new grants for the period	Amount charged to non-operating income during the period	Amount charged to other income during the period	Amount charged to costs during the period	Other changes	Closing balance	Asset-related/re relative to income

Annual Report 2021								
Military-Civilian Fusion High-Tech Industry Cluster Development Project in Mianyang Science and Technology City	11,200,000.00					-1,723,040.00	9,476,960.00	Asset-related
Building broadband access for full coverage of smart city information networks	6,573,739.59			4,036,012.87		-168,000.00	2,369,726.72	



technical								
Grant for 10GPON product intelligent production line renovation project	5,204,151.91			748,425.96			4,455,725.95	Asset- related
Project for the development of multi- circuit optical cable security warning equipment		4,000,000.00		4,000,000.00				
Key technology development grant for fire and corrosion resistant special alloy material fiber optic cable	649,275.44			69,372.96			579,902.48	
Key technology R&D project for ultra- fine single- mode optical fiber	2,751,638.93			41,452.32			2,710,186.61	Asset- related
re 20170679 light fiber transmission xPON/10GPON Research and development	1,531,710.41			882,654.48			649,055.93	Asset- related

of products and intelligent production								
Enterprise Technology Center Construction Project	1,432,564.19			724,271.50			708,292.69	Asset-related
Transmission line image intelligent inspection system	1,358,136.43			193,464.48			1,164,671.95	
The first batch of science and technology plan projects in 2019 Technology Tackling Deep Science and Technology Innovation	4,500,000.00						4,500,000.00	Asset-related
Dongzhi recognized municipal-level enterprise technology center subsidy	1,321,181.55			431,732.04			889,449.51	Asset-related
New generation thermal stress fiber optic sensing and communication technology research	842,800.00			421,400.00			421,400.00	Asset-related

Annual Report 2021								
National-level Enterprise Technology Center Funding	600,000.00			600,000.00				Asset-related
Funding for industrial technology advancement	607,682.85			607,682.85			0.00	Asset-related
Subsidies for imported equipment in 2018	643,591.20			91,941.60			551,649.60	Asset-related
Autonomous Innovation Industry								

Special funds for development								
Other sporadic items	3,433,778.17	6,700,000.00		5,817,149.64			4,316,628.53	Asset-related

## 52. Other non-current liabilities

## 53. Share capital

Unit: \$

	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	816,578,166.00				28,000,792.00	28,000,792.00	844,578,958.00

## 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 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		11,619,167.43				11,619,167.43		
Value of equity component of Tefa		94,825,930.45				23,096,002.79		71,729,927.66

convertible bonds 2					Annual Report 2021		
add up the total		106,445,097.88				34,715,170.22	71,729,927.66

Explanation of the changes in other equity instruments during the period, the reasons for the changes, and the basis for the related accounting treatment: Note: The decrease in other equity instruments during the period was due to the conversion of convertible corporate bonds. Other notes.

## 55. Capital surplus

Unit: \$

spor ts even t	Opening balance	Increase in the current period	Decrease for the period	Closing balance
Capital premium (equity premium)	895,282,529.23	172,660,994.98		1,067,943,524.21
Other capital surplus	34,386,428.36			34,386,428.36
add up the total	929,668,957.59	172,660,994.98		1,102,329,952.57

Other notes, including information on changes during the period and reasons for changes.

Note: The increase in capital surplus-equity premium of \$172,660,994.98 for the period was an increase of \$172,660,994.98 for the conversion of convertible bonds.

## 56. Inventory Unit

## 57. Other comprehensive income

Unit: \$

sports event	Opening balance	Current period occurrence s						Closin g bala nce
		Incurred before income tax for the period	Less: Transfer from prior period to profit or loss in other comprehen sive income	Less: Transfer to retained earnings in the current period from prior periods charged to other comprehe nsive income	Less: Income tax expense	Attribut able to the parent company after tax	Attribut able to minority sharehold ers after tax	
II. Other comprehensive income to be reclassified to profit or loss	-2,391,702.1 3	-877,637.5 3				-801,310.7 3	-76,326.80	-3,193,0 12.86
Translation differences on foreign currency financial statements	-2,391,702.1 3	-877,637.5 3				-801,310.7 3	-76,326.80	-3,193,0 12.86
Total other comprehensive income	-2,391,702.1 3	-877,637.5 3				-801,310.7 3	-76,326.80	-3,193,0 12.86

Other notes, including adjustments to the effective portion of cash flow hedge gains and losses transferred to the amount initially recognized for the hedged item.

## 58. Special reserve

## 59. Surplus reserve

Unit: \$

sports event	Opening balance	Increase in current period	Decrease for the period	Closing balance

statutory surplus	125,045,324.30	13,873,760.69	Annual Report 2021	138,919,084.99
add up the total	125,045,324.30	13,873,760.69		138,919,084.99

Description of surplus reserves, including changes during the period and reasons for changes.

Note: Statutory surplus reserve of RMB13,873,760.69 was provided for in accordance with 10% of the net profit of the parent company for the period. The surplus reserve was retroactively adjusted by RMB1,028,386.15 due to the disposal of part of the equity interest in Shenzhen Tefa Teco Communication Technology Company Limited, a holding subsidiary, which was no longer included in the scope of consolidation.

## 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	457,755,083.06	1,072,371,799.68
Adjustment to total unappropriated profit at the beginning of the period (increase +, decrease -)	-2,613,179.82	-537,118,546.27
Adjustment to unappropriated profit at the beginning of the period	455,141,903.24	535,253,253.41
Add: Net profit attributable to owners of the parent for the period	-618,453,267.57	11,445,456.46
Less: withdrawal of statutory surplus	13,873,760.69	32,605,348.09

Withdrawal of arbitrary surplus		56,338,278.72
As a result of the disposal of a controlling subsidiary	2,613,179.82	
Unallocated profit at the end of the period	-177,185,125.02	457,755,083.06

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 Company's unappropriated earnings at the beginning of the period were affected by the correction of significant accounting errors of \$537,118,546.27.
- 4) The change in the scope of consolidation due to the same control affected opening unappropriated earnings by \$0.00.
- 5) The total effect of other adjustments on opening unappropriated earnings was \$2,613,179.82.

## 61. Operating income and operating costs

Unit: \$

sports event	Current period occurrence		Prior-period occurrence	
	income	cost	income	cost
Main Business	4,406,528,350.51	3,968,690,263.00	4,559,052,355.68	3,736,501,733.88
Other operations	184,310,151.69	98,153,826.14	163,375,901.84	104,008,146.14
add up the total	4,590,838,502.20	4,066,844,089.14	4,722,428,257.52	3,840,509,880.02

Whether the lower of audited net profit before or after extraordinary gain or loss is negative

√ Yes □ No

Unit: \$

sports event	Current year (\$ million)	Specific deductions	Prior year (\$ million)	Specific deductions
Amount of operating income	4,590,838,502.20	not	4,722,428,257.52	not
Total amount of operating income deductions	190,060,159.62	Revenue from external rentals \$110,075,063.50; Revenue from sales of materials \$55,313,008.24; Other revenue related to the main Unrelated business income 24,672,087.88 Yuan.	143,206,964.67	Income from external rentals 94,074,361.05; material sales Sales revenue of \$22,091,359.53. Other income not related to the main business 27,041,244.09.
Total amount of operating income deductions as a percentage of operating income	2.83%		3.03%	



I. Income from operations not related to the main business	--	--	--	--
1. Income from operations other than normal operations. For example, income from leasing of fixed assets, intangible assets, packaging, sale of materials, exchange of materials for non-monetary assets, operation of fiduciary management business, etc., as well as income from operations other than the normal operations of listed companies although included in the main business income.	190,060,159.62	Revenue from external rentals \$110,075,063.50; Revenue from sales of materials \$55,313,008.24; Other revenue related to the main Unrelated business income 24,672,087.88 Yuan.	143,206,964.67	Income from external rentals 94,074,361.05; material sales Sales revenue of \$22,091,359.53. Other income unrelated to the main business 27,041,244.09.

of income.				
Subtotal income from operations not related to the main business	190,060,159.62	not	143,206,964.67	not
II. Income that does not have commercial substance	--	--	--	--
Subtotal income without commercial substance	0.00	The company has no income that does not have commercial substance	0.00	The company has no income that does not have commercial substance
Amount of operating income after deductions	4,400,778,342.58	not	4,579,334,491.75	not

Income-related information.

Information related to

compliance obligations:

not applicable

Information relating to the transaction price apportioned to the remaining performance obligation.

The amount of revenue corresponding to performance obligations that have been contracted for but not yet performed or not yet completed at the end of the reporting period is \$0.00, of which \$0.00 is expected to be recognized in fiscal year 0, \$ is expected to be recognized in fiscal year 0, and \$ is expected to be recognized in fiscal year

Other notes

## 62. Taxes and surcharges

Unit: \$

sports event	Current period occurrence	Prior-period occurrence
city maintenance and construction tax	6,405,134.45	5,498,893.86
additional education fee	5,312,073.28	4,377,705.84
property tax	7,111,852.01	6,047,353.50
Land use tax	726,971.44	675,632.04
stamp duties	9,787,591.97	5,998,940.51
add up the total	29,343,623.15	22,598,525.75

## 63. Cost of goods sold

Unit: \$

sports event	Current period occurrence	Prior-period occurrence
--------------	---------------------------	-------------------------

	s	s
workforce remuneration	61,494,914.06	59,385,598.13
Operational services costs	10,608,915.55	16,325,939.71
Travel and conference costs	12,361,208.69	11,759,926.32
office expenses	6,410,669.22	5,249,981.95
Tender costs	6,022,096.30	9,767,411.87
transport costs		40,832,333.86
Exhibition fees	481,047.08	3,409,757.17

other	4,171,547.30	10,056,974.16
add up the total	101,550,398.20	156,787,923.17

#### 64. Management costs

Unit: \$

sports event	Current period occurrence s	Prior-period occurrence s
workforce remuneration	70,268,719.58	82,716,849.59
Depreciation and amortization	11,487,902.63	20,878,438.42
Audit consultancy and litigation fees	12,927,156.09	12,772,808.29
Office and communication costs	11,705,916.51	8,263,453.19
operating expense	4,472,410.16	3,851,321.18
Travel and conference costs	6,383,392.63	3,216,145.30
other	10,120,855.00	9,291,939.84
Inventory losses	7,562,373.53	
add up the total	134,928,726.13	140,990,955.81

#### 65. Research and development costs

Unit: \$

sports event	Current period occurrence s	Prior-period occurrence s
workforce remuneration	112,470,702.58	110,581,066.06
Material costs	88,560,115.13	74,262,573.88
Depreciation and amortization	13,471,474.24	13,284,845.12
Office and communication costs	13,068,803.33	5,802,412.79
Intermediary agency fees	7,508,245.78	10,549,967.51
business travel expenses	1,799,919.53	2,809,237.92
Other costs	15,684,898.95	6,940,581.79
add up the total	252,564,159.54	224,230,685.07

#### 66. Finance costs

Unit: \$

sports	Current	Prior-
--------	---------	--------

event	period occurrence s	period occurrence s
Interest expenses	133,089,679.13	116,930,807.92
Less: Interest income	16,390,178.62	10,986,958.44
Foreign exchange gains and losses	7,605,992.07	20,753,940.59

Handling fees and others	3,284,859.03	6,829,176.84
add up the total	127,590,351.61	133,526,966.91

## 67. Other gains

Unit: \$

Sources of other revenue generation	Current period occurrence s	Prior-period occurrence s
Project on broadband access technology for building full coverage of information networks in smart cities	4,036,012.87	883,510.50
New Generation Information Technology Industry Support Scheme Funding	3,840,000.00	
Development of multiplexed fiber optic cable security warning equipment	3,552,500.00	4,531,053.75
Shenzhen Nanshan District Finance Bureau Short-term flow loan subsidy project for listed companies	2,000,000.00	2,000,000.00
2021 Provincial Science and Technology Plan Projects	1,895,000.00	
Shenzhen Nanshan District Bureau of Industry and Information Technology Intellectual Property Securitization Funding Project	1,766,900.00	
Development of optical modules based on 5G silicon optical technology	1,723,040.00	
Grant for 10GPON product intelligent production line renovation project	1,631,080.44	1,789,468.34
Enterprise Research and Development Grant	1,501,000.00	2,443,000.00
Bureau of Industry and Information Technology Project Bonus	940,000.00	
KIC - Enterprise Research and Development Grant	813,000.00	675,000.00
Shenzhen Bureau of Industry and Information Technology 2021 Incentive Program for Industrial Enterprises to Expand Capacity	808,000.00	
5G-based Optical Transceiver Module R&D and Industrialization Project	520,000.00	

Incentive funds for new national specialties and new "small giants" in 2020	Annual Report 2021 500,000.00	
Transmission line image intelligent inspection system	193,464.48	3,029,563.57
Job Stabilization Allowance	190,494.39	3,946,304.46
Cost reduction funding for commercial and industrial electricity consumption in Shenzhen	182,264.46	908,186.92
Refund of handling fees	167,560.41	1,264,746.41
-Key technology development grant for optical fiber cables made of fire and corrosion resistant special alloy materials	69,372.96	2,350,724.56
Industrial growth incentives		6,753,600.00
Shenzhen Social Insurance Fund Administration Unemployment Insurance Fee Refund		1,394,638.33

Government Subsidized Tech City Talent Program (Excellence Program) Project		900,000.00
Shenzhen Science and Technology Commission 2018 R&D Input Support		833,000.00
interest-bearing subsidy		1,220,000.00
Shenzhen Social Security Bureau refund unemployment insurance		675,406.69
Special funds for the development of autonomous innovation industries		572,193.65
Shenzhen Science and Technology Innovation Commission High-tech Division 2019 Enterprise R&D Funding		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		540,000.00
Shenzhen Science and Technology Commission 2019 R&D Project Funding		527,000.00
Special funds for military-civilian integration		308,500.00
Fuling New Town Management Committee Finance and Financial Management Department Special Funds for Special Carriers		300,000.00
New Crown Outbreak Grant		1,170,274.67
Other grants	13,431,093.19	11,177,376.04
add up the total	39,760,783.20	51,303,547.89

## 68. Investment income

Unit: \$

spor ts even t	Current period occurrences	Prior-period occurrences
Income from long-term equity investments accounted for under the equity method	10,552,639.85	10,233,454.23
Investment income arising on disposal of long-term equity investments	4,719,703.29	
Investment income on financial assets held for trading	1,736,232.00	
Gain on remeasurement of remaining equity interest to fair value after loss of control	3,943,779.95	
Financial product returns	22,076,570.27	493,401.49



Investment income arising from the unwinding of futures positions	Annual Report 2021 -1,068,115.70	
add up the total	41,960,809.66	10,726,855.72

**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
add up the total		151,912,781.40

#### 71. Credit impairment losses

Unit: \$

sports event	Current period occurrence s	Prior-period occurrence s
Bad debt losses	-141,903,678.78	-56,339,852.45
add up the total	-141,903,678.78	-56,339,852.45

#### 72. Impairment losses on assets

Unit: \$

sports event	Current period occurrences	Prior-period occurrences
ii. loss on decline in value of inventories and impairment loss on contract performance costs	-422,249,468.09	-189,324,957.40
XI. Impairment loss on goodwill		-1,730,915.16
add up the total	-422,249,468.09	-191,055,872.56

#### 73. Gain on disposal of assets

Unit: \$

Sources of proceeds from asset disposal	Current period occurrence s	Prior-period occurrence s
Gain on disposal of other non-current assets	145,237.98	-2,346.76

#### 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	131,944.29	190,764.59	131,944.29
other	5,573,841.00	14,498,113.68	5,573,841.00

add up the total	5,705,785.29	Annual Report 2021 14,688,878.27	5,705,785.29
------------------	--------------	-------------------------------------	--------------

## 75. Non-operating expenses

Unit: \$

spor ts even t	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	345,881.09	524,322.52	345,881.09

Expenditure on fines	154,493.62	2,648,391.23	154,493.62
Inventory losses		12,386.97	7,562,373.53
other	1,840,126.12	58,207,966.65	1,840,126.12
add up the total	2,340,500.83	61,393,067.37	9,902,874.36

## 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	20,891,886.03	51,536,843.50
Deferred income tax expense	-19,611,756.65	13,777,345.49
add up the total	1,280,129.38	65,314,188.99

### (2) Accounting profit and income tax expense adjustment process

Unit: \$

sports event	Current period occurrence s
total profit	-600,903,877.14
Income tax expense at statutory/applicable rates	-90,135,581.57
Effect of different tax rates applied to subsidiaries	10,252,752.51
Effect of adjustments to income taxes of prior periods	-98,326.11
Impact of non-taxable income	-6,310,204.97
Effect of non-deductible costs, expenses and losses	-2,937,827.14
Effect of deductible losses on the use of deferred tax assets not recognized in prior periods	-2,176,821.93
Effect of deductible temporary differences or deductible losses on deferred tax assets not recognized in the period	116,923,582.13
Gains and losses attributable to joint ventures and associates	-126,935.42
Impact of R&D Expense Deduction	-15,813,839.63
Wages paid for the placement of disabled persons for which deductions are added	-4,449,671.08
Other adjustment effects	-3,846,997.41
Income tax expense	1,280,129.38

---

**77. Other comprehensive income**

Annual Report 2021

See notes 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
Government grants	29,904,182.50	39,206,682.11
Interest income	16,390,178.62	10,986,958.44
Recovery of security deposits for notes, bonds, etc.	72,423,792.33	44,479,527.40
Current payments and other	193,106,327.90	137,379,725.55
add up the total	311,824,481.35	232,052,893.50

### (2) Other cash paid in connection with operating activities

Unit: \$

sports event	Current period occurrence s	Prior-period occurrence s
Costly expenditure	150,200,442.72	153,854,461.69
Current payments and other	158,048,817.90	97,076,381.57
Deposits, silver bearing deposits, etc.	54,594,697.75	24,715,694.69
Contingency freezing of bank deposits		7,983,301.99
add up the total	362,843,958.37	283,629,839.94

### (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	1,626,734,000.00	652,000,000.00
Receipt of performance-based compensation	27,712,106.83	100,000,000.00
Equity transfer payments		21,090,400.00
add up the total	1,654,446,106.83	773,090,400.00

**(4) Other cash paid in connection with investing activities**

Annual Report 2021

sports event	Current period occurrence s	Prior- period occurrence s
Purchase of bank financial products	1,654,220,000.00	652,000,000.00
Investment project brokerage fees	80,000.00	114,548.06
Net cash outlay for disposal of subsidiaries	40,516,636.05	
add up the total	1,694,816,636.05	652,114,548.06

Unit: \$

(5) Other cash received in connection with financing activities

Unit: \$

sports event	Current period occurrences	Prior-period occurrences
External borrowings from subsidiaries		17,902,043.16
Affiliate financial management	162,000,000.00	
handling fee	591,813.69	
add up the total	162,591,813.69	17,902,043.16

(6) Other cash paid in connection with financing activities

Unit: \$

sports event	Current period occurrences	Prior-period occurrences
Repayment of loans to minority shareholders of subsidiaries		21,500,000.00
Financing costs	38,524,717.66	2,155,000.00
Affiliate financial management	162,000,000.00	
add up the total	200,524,717.66	23,655,000.00

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	-602,184,006.52	58,310,055.94
Add: Provision for impairment of assets	564,153,146.87	247,395,725.01
Depreciation of fixed assets, depreciation of oil and gas assets, depreciation of productive biological assets	83,983,177.48	85,213,383.79



Depreciation of right-to-use assets	Annual Report 2021 34,174,160.97	
Amortization of intangible assets	15,181,389.61	14,971,342.17
Amortization of long-term amortization	16,179,499.08	9,796,216.98
Losses (gains) on disposal of fixed assets, intangible assets and other long-lived assets to "-" is filled in)	-145,237.98	441,204.70
Loss on scrapping of fixed assets (gain is shown with a "-" sign)	213,936.80	

Loss on changes in fair value (gains are shown with a "-" sign)		-151,912,781.40
Finance costs (gains are shown with a "-" sign)	134,990,050.27	122,481,923.56
Losses on investments (gains are shown with a "-" sign)	-41,960,809.66	-10,726,855.72
Decrease in deferred tax assets (increase is shown with a "-" sign)	5,261,248.50	-7,060,500.76
Increase (decrease by "-") in deferred income tax liabilities	-18,309,996.09	21,608,911.07
Decrease in inventories (increase is shown with a "-" sign)	1,078,086,722.07	-855,118,430.47
Decrease in operating receivables (increase shown with a "-" sign)	413,349,515.18	1,635,449.15
Increase (decrease by "-") in operating payables	-1,434,004,914.45	527,716,309.24
other		
Net cash flows from operating activities	-577,731,148.23	64,751,953.26
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	1,761,786,164.83	2,908,931,255.98
Less: opening balance of cash	2,908,931,255.98	727,138,502.69
Add: closing balance of cash equivalents		
Less: opening balance of cash equivalents		
Net increase in cash and cash equivalents	-1,147,145,091.15	2,181,792,753.29

(2) Net cash paid during the period for acquisition of subsidiaries

(3) Net cash received during the period for disposal of subsidiaries

Unit: \$

	sum of mone y
Of which.	--
Shenzhen Tefatec Communication Technology Co.	
Less: Cash and cash equivalents held by the company on the date of loss of control	40,516,636.05
Of which.	--
Shenzhen Tefatec Communication Technology Co.	40,516,636.05

Of which.	--
Net cash received on disposal of subsidiaries	-40,516,636.05

Other notes.

#### (4) Composition of cash and cash equivalents

Unit: \$

spor ts even t	Closing balance	Opening balance
I. Cash	1,761,786,164.83	2,908,931,255.98
Of which: cash on hand	18,529.30	49,790.77
Bank deposits readily available for disbursement	1,759,450,885.68	2,908,881,465.21
Other monetary funds readily available for disbursement	2,316,749.85	
III. Cash and cash equivalents balances at the end of the period	1,761,786,164.83	2,908,931,255.98

#### 80. Notes to items in the statement of changes in owners' equity

#### 81. Assets subject to restrictions on ownership or use

Unit: \$

spor ts even t	Carrying value at the end of the period	Reason for restrict ion
monetary funds	56,265,617.21	Frozen funds, banker's acceptances deposits, bond bonds, performance bonds
intangible asset	36,114,445.50	Borrowing against land use rights
add up the total	92,380,062.71	—

Other notes.

#### 82. Foreign currency monetary items

##### (1) Foreign currency monetary items

Unit: \$

spor ts even t	Foreign currency balance at end of period	Converte d exchange rate	End of period translated RMB balance
monetary funds	—	—	34,404,441.76
Of which: United States dollars	4,565,484.16	6.3757	29,108,157.36
euros			
Hong Kong dollar	757,914.23	0.8176	619,670.67

Vietnamese dong	2,242,615,274.00	0.00028	Annual Report 2021	627,932.28
Indian rupee	47,286,632.25	0.08562		4,048,681.45
accounts receivable	--	--		387,555,570.17
Of which: United States dollars	57,580,300.38	6.3757		367,114,721.13
euros				
Hong Kong dollar	1,989,294.50	0.8176		1,626,447.18
Indian rupee	219,743,072.43	0.08562		18,814,401.86

Long-term loans	--	--	19,208,102.31
Of which: United States dollars	3,012,704.85	6.3757	19,208,102.31
euros			
Hong Kong dollar			

Other notes.

Other receivables 2,141,474.71

Of which: United States dollars	10,300.00	6.3757	65,669.71
euros	7,200.00	7.2197	51,981.84
Vietnamese dong	3,790,238,565.00	0.00028	1,061,266.80
Indian rupee	11,242,190.56	0.08562	962,556.36

Prepayments 62,450.40

Of which: Euro	8,650.00	7.2197	62,450.40
----------------	----------	--------	-----------

accounts payable 102,961,790.97

Of which: United States dollars	14,357,696.96	6.3757	91,540,368.51
euros	13,207.94	7.2197	95,357.36
Vietnamese dong	5,767,090,976.00	0.00028	1,614,785.47
Indian rupee	113,423,027.71	0.08562	9,711,279.63

Other accounts payable 14,216,020.81

Of which: United States dollars	2,212,985.18	6.3757	14,109,329.61
Vietnamese dong	200,000,000.00	0.00028	56,000.00
Hong Kong dollar	62,000.00	0.8176	50,691.20

Receipts in advance 25,144,859.34

Of which: United States dollars	3,943,858.61	6.3757	25,144,859.34
---------------------------------	--------------	--------	---------------

(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 for its selection, and, if there is a change in the currency of account, the reasons therefor.

☐ Applicable ☒ Not applicable

### 83. Hedging

Disclose qualitative and quantitative information about the hedged item and the related hedging instrument, the hedged risk, by hedge category.

## 84. Government grants

### (1) Basic information on government grants

Unit: \$

type	sum of money	Items presente d	Amount charged to current profit or loss
Government grants related to assets	32,793,649.97	Deferred revenue	18,665,560.70
Government grants related to revenue	39,760,783.20	Other gains	39,760,783.20

### (2) Return of government grants

☐ Applicable ☒ Not applicable

Not applicable

Other notes.

## 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

(2) Consolidation costs and goodwill

(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



(5) Notes relating to the inability to reasonably determine the merger consideration or the fair value of the purchasee's identifiable assets and liabilities at the date of purchase or at the end of the period of the merger

(6) Other notes

## 2. Business combinations under common control

(1) Business combinations under common control that occurred during the period

(2) Consolidation costs

(3) Carrying value of the consolidated party's assets and liabilities at the date of consolidation

## 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

Unit: \$

Name of subsidiary company	Equity disposal price	Shareholding disposal ratio	Disposal of equity interests	Point at which control is lost	Basis for determining the point at which control is lost	The difference between the disposal price and the share of the net assets of the subsidiary at the consolidated financial statement	of remaining equity at the date of loss of control	Book value of the remaining equity interest at the date of loss of control	Fair value of the remaining equity interest at the date of loss of control	Gain or loss on remeasurement of remaining equity at fair value	Methodology and key assumptions for determining the fair value of the remaining equity interest at the date of loss	Transfer of other comprehensive income related to equity investments in atomic companies to investment gains and losses
----------------------------	-----------------------	-----------------------------	------------------------------	--------------------------------	--	---	--	--	--	---	---	---

						level corres pondin g to the dispos al of the invest ment					of contro l	
Shenzh en Tefate c Commun icatio n Techno logy Co.	21,090,4 00.00	20.40%	conveyan cing (propert y)	2022 31 January sun	Busine ss change s and recove ry of funds	2,875,96 3.22	30.60%	27,691,8 20.05	31,637,1 00.00	3,943,77 9.95		0.00

Other notes.

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.

On November 12, 2021, the Company established a new controlling grandchild, Sichuan Hualing Photonics Technology Co., Ltd. and on July 21, 2021, the Company established a new controlling grandchild, Xi'an Shenzhou Feiyang Technology Co.

On 23 February 2021, the Company cancelled its controlling grandchild, Shenzhen Yuyi Information Technology Co., Ltd. and therefore, this controlling grandchild was not included in the scope of consolidation for the period.

Ltd., a subsidiary of the Company, established a new subsidiary, Xi'an Tefa Qianxi Information Industry Development Co., Ltd. in March 2021, holding 51% equity interest in Xi'an Tefa Qianxi Information Industry Development Co.

## 6. Other

## 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 Optical Network Technology Co.	Shenzhen	Shenzhen	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 Jiademing 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
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	Changzhou	industrial production	67.80%		consolidation

	e level city in Jiangsu		Annual Report 2021			
Changzhou Huayin Wire & Cable Co.	Changzhou prefecture level city in Jiangsu	Changzhou	industrial production		100.00%	consolidat ion
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%		consolidat ion
Chengdu Fourier Information Technology Co.	Chengdu	Chengdu	industrial production		100.00%	consolidat ion
Shenzhen Tefa Dongzhi Technology Co.	Shenzhen	Shenzhen	industrial production	100.00%		consolidat ion
Shenzhen Senghui Communication Co.	Shenzhen	Shenzhen	electronic communication		51.00%	consolidat ion
Hong Kong Yuan Xiang Industry & Trade Co.	Hong Kong market	Hong Kong	trading		100.00%	consolidat ion
Beijing Shenzhou Feiyang Technology Co.	Beijing	Beijing, capital of People's Republic of China	industrial production	70.00%		consolidat ion

Xi'an Shenzhou Feiyang Technology Co.	Xi'an	Xian	industrial production		100.00%	set up
Shenzhen Tefa Information Data Technology Co.	Shenzhen	Shenzhen	Information transmission, software and information technology services	92.20%		set up
SDGIINDIAPRIVATELIMITED	India	India	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
Sichuan Hualing Photonics Technology Co.	Mianyang prefecture level city in north Sichuan, Sichuan's second city	Mianyang prefecture level city in Sichuan	industrial production		100.00%	newly established
Shenzhen Tefa Information Technology Service Co.	Shenzhen	Shenzhen	Information technology services	100.00%		consolidation
Shenzhen Tefa Sanqi Defense Technology Co.	Shenzhen	Shenzhen	industrial production	90.00%		set up

Description of the percentage of shareholding in a subsidiary different from the percentage of voting rights.

Basis for holding half or less of the voting rights but still controlling the investee, and for holding more than half of the voting rights but not controlling the investee: in the case of significant structured entities included in the scope of consolidation, the basis for control.

Basis for determining whether a corporation is an agent or a principal: Other descriptions.

## (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
----------------------------	-----------------------------	---	---	--

Annual Report 2021				
Shandong Tefa Light Source Optical Communication Co.	45.00%	-2,106,376.78		44,610,257.49
Changzhou Tefa Huayin Wire & Cable Co.	32.20%	-4,638,856.67		16,809,921.46
Beijing Shenzhou Feiyang Technology Co.	30.00%	14,525,117.93	3,000,000.00	70,063,400.92
Shenzhen Tefa Information Optoelectronics Technology Co.	49.00%	8,356,118.13		37,557,000.90
Tefa Information Optical Fiber Co.	35.36%	-12,468,172.61		149,461,791.36
Sichuan Huatuo Optical Communication Co.	30.00%	4,685,775.06		29,443,515.86
Shenzhen Tefa Information Optical Network Technology Co.	49.00%	5,801,463.04	15,967,091.26	156,003,768.59

Description of the percentage of shareholding of minority shareholders of the subsidiary different from the percentage of voting rights: other description.

### (3) Key financial information of significant non-wholly owned subsidiaries

Unit: \$

Name of subsidiary company	Closing balance						Opening balance					
	liquidity	non-current	asset pool	flow negative	non-current	debt consolidation	liquidity	non-current	asset pool	flow negative	non-current	debt consolidation

	produce	assets	gauge	debt	debt	gauge	produce	assets	gauge	debt	debt	gauge
Tefa Optoelectronics	125,123,966.34	29,034,657.59	154,158,623.93	52,987,939.53	24,523,743.78	77,511,683.31	116,322,499.46	4,848,908.16	121,171,407.62	60,928,493.87	649,275.44	61,577,769.31
optical network technology	724,523,982.47	242,312,467.05	966,836,449.52	623,614,622.90	24,302,612.14	647,917,235.04	668,961,564.09	202,682,079.24	871,643,643.33	483,287,295.60	47,039,249.36	530,326,544.96

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
Tefa Optoelectronics	119,648,401.52	17,053,302.31	17,053,302.31	15,920,044.55	100,205,765.40	15,420,653.66	15,420,653.66	52,413,407.86
optical network technology	950,975,902.87	10,343,785.63	10,188,016.65	175,700,873.01	870,800,104.16	12,852,929.17	12,820,015.55	45,992,751.21

Other notes.

(4) Significant restrictions on the use of enterprise group assets and the settlement of enterprise group debts

(5) Financial or other support provided to structured subjects included in the scope of the consolidated financial statements

2. Transactions in which the share of ownership interest in a subsidiary changes and the subsidiary is still controlled

(1) Description of changes in share of ownership interests in subsidiaries

(2) Effect of the transaction on minority interests and owners' equity attributable to the parent company

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	
AtopEuropeA/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
Shenzhen Tefatec Communication Technology Co.	Shenzhen	Shenzhen	industrial production	30.60%		equity method

Description of shareholdings in joint ventures or associates that differ from the proportion of voting rights.

Basis for holding less than 20% of the voting rights but with significant influence, or holding 20% or more of the voting rights but without significant influence.



(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	
	Furthest from the Rich Sea	Tyco Communication s	Furthest from the Rich Sea	Tyco Communicatio ns
current asset	2,587,948.74	406,590,598.97	4,556,250.67	423,477,162.26
Non-current assets	138,662,597.21	32,980,376.65	142,499,984.00	7,792,972.31
Total assets	141,250,545.95	439,570,975.62	147,056,234.67	431,270,134.57
current liability	30,674.08	358,854,289.93	1,137,720.90	347,162,744.04
Non-current liabilities		2,737,458.55		
Total liabilities	30,674.08	361,591,748.48	1,137,720.90	347,162,744.04
Minority interests				
Equity attributable to shareholders of the parent company				
Share of net assets based on percentage of shareholding	56,487,948.75	23,861,643.50	58,367,405.50	42,894,769.17
Adjustment matters				
—Goodwill				
-- Unrealized profit on internal transactions				
—Other				
Carrying value of equity investments in associates	56,487,948.75	23,861,643.50	58,367,405.50	42,894,769.17
Fair value of equity investments in associates for which publicly quoted prices exist				
revenues		276,460,641.83		
net profit	-1,386,999.58	22,699,894.85	18,451,586.23	36,986,673.59
Net profit from discontinued operations				
Other comprehensive income				
Total comprehensive income	-1,386,999.58	22,699,894.85	18,451,586.23	36,986,673.59
Other notes				

---

(4) Aggregate financial information on immaterial joint ventures and associates

Unit: \$

	Closing balance/incurrence for the period	Opening balance/prior period occurrence
Joint ventures.	--	--
Total book value of investments	5,149,663.68	4,303,427.55
Total of the following in proportion to shareholdings	--	--
Associates.	--	--
Total of the following in proportion to shareholdings	--	--
-Net profit	5,134,614.77	2,852,819.74
--Total comprehensive income	5,134,614.77	2,852,819.74

Other notes

(5) A description of significant limitations on the ability of a joint venture or associate to transfer funds to the Company

(6) Excess losses incurred by joint ventures or associates

(7) Unrecognized commitments related to investments in joint ventures

(8) Contingent liabilities relating to investments in joint ventures or associates

#### 4. Important co-operations

#### 5. Interests in structured entities not included in the scope of the consolidated financial statements

Notes relating to structured subjects not included in the scope of the consolidated financial statements.

#### 6. Other

### 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

Annual Report 2021

1. Carrying value of each class of financial asset at the balance sheet date

(1) 31 December 2021

Items of financial assets measured at cost measured at fair value through profit or loss			amortized
			Total
Financial assets	Financial assets included in current profit or loss	Financial assets in other comprehensive income	

monetary funds	1,818,051,782.04	1,818,051,782.04
Financial assets held for trading	84,312,176.49	84,312,176.49
Other current assets	1,686,314.50	1,686,314.50
note receivable	239,703,540.34	239,703,540.34
Accounts receivable	2,065,442,210.26	2,065,442,210.26
Receivables financing	36,066,040.48	36,066,040.48
Other receivables	153,180,099.57	153,180,099.57
Other non-current financial assets	10,000,000.00	10,000,000.00

(2) 31 December 2020

Items of financial assets measured at cost measured at fair value through profit or loss	Financial assets included in current profit or loss	Financial assets in other comprehensive income	amortized Total
<del>monetary funds</del>	3,005,503,023.74		3,005,503,023.74
<del>Financial assets held for trading</del>		112,024,283.32	112,024,283.32
<del>Accounts receivable</del>	1,643,539,855.05		1,643,539,855.05
<del>Receivables financing</del>		248,030,138.14	248,030,138.14
<del>Other receivables</del>	158,923,422.41		158,923,422.41

2. Carrying value of each class of financial liability at the balance sheet date

(1) 31 December 2021

Items of financial liabilities	Financial liabilities at fair value through profit or loss	Other financial liabilities	Total
Short-term borrowings		1,676,184,310.34	1,676,184,310.34
Notes payable		735,658,783.80	735,658,783.80
Accounts payable		481,252,516.07	481,252,516.07
Other payables		278,399,052.11	278,399,052.11
<del>Non-current liabilities due within one year</del>		82,210,678.96	82,210,678.96
Long-term loans		915,971,408.48	915,971,408.48
Lease liability		143,338,180.10	143,338,180.10

(2) 31 December 2020

Items of financial liabilities	Financial liabilities at fair value through profit or loss	Other financial liabilities	Total
		2,841,225,092.90	2,841,225,092.90
Notes payable		774,453,444.83	774,453,444.83
Accounts payable		1,142,871,315.26	1,142,871,315.26

		Shenzhen Tefa Information Company Limited Full	
<del>Interest rate</del>		<del>4,082,267.46</del>	
		Annual Report 2021	
<del>Liabilities</del>		277,470,743.47	<u>277,470,743.47</u>
<del>Liabilities</del>		41,281,456.79	<u>41,281,456.79</u>
Long-term borrowings		511,565,532.94	<u>511,565,532.94</u>

(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 36.43% of the Company's accounts receivable (35.82% at the end of the previous year) and the Company does not have significant credit risk.

See the disclosures in notes VI, (iv) and VI, (vii) of this note for quantitative data on the Company's exposure to credit risk arising from accounts receivable and other receivables.

(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.

~~For credit risk, the Company's liquidity risk arising from the availability of its financial assets is not significant.~~

(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 VI, (63) Foreign currency monetary items in this note.

## xi. fair value disclosures

1. Closing fair value of assets and liabilities measured at fair value
2. Basis for determining the market value of ongoing and discontinued level 1 fair value measurement items
3. ongoing and discontinued Level 2 fair value measurement items, qualitative and quantitative information on the valuation techniques used and significant parameters
4. ongoing and discontinued Level 3 fair value measurement items, qualitative and quantitative information on the valuation techniques used and significant parameters
5. ongoing level 3 fair value measurement items, reconciliation information between opening and closing carrying values and sensitivity analysis of unobservable parameters
6. ongoing fair value measurement items, the reasons for conversion and the policy for determining the point of conversion, if conversion between levels occurred during the period
7. Changes in valuation techniques that occurred during the period and the reasons for the changes
8. Fair value of financial assets and financial liabilities that are not measured at fair value
9. Other

## XII. Related parties and related transactions

### 1. Information on the parent company of the enterprise

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
Shenzhen Tefa Group Co.	Shenzhen	investment	458,282 million	37.07%	37.07%

A description of the status of the parent company of the enterprise The ultimate controlling party of the enterprise is.

Other notes.

### 2. Information on the Company's subsidiaries



Details of the Company's subsidiaries are set out in Note VIII. (i) Interests in subsidiaries.

### 3. Information on joint ventures and associates of the enterprise

Details of the Company's significant joint ventures or associates are set out in Note VIII. (iv) Interests in joint ventures 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.

### 4. Information on other related parties

Name of other related parties	Relationship between other related parties and the enterprise
-------------------------------	---

Shenzhen Tefa Information Cable TV Co.	Companies in which the Company holds less than 20% of the shares
Shenzhen Tefa Service 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 MJ Microelectronics Technology Co.	Also controlled by controlling shareholders
Shenzhen Shenshan Special Cooperation Zone Tefa Saige Technology Co.	Also controlled by controlling shareholders
Shenzhen Tefa Engineering Management Co.	Also controlled by controlling shareholders
Shenzhen Tefa Service Company Limited Dongguan Branch	Also controlled by controlling shareholders

Other notes

## 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	583,016.59			1,515,843.12
Shenzhen Tefa Service Co.	Property management fees	12,751,127.58			11,628,249.54
Shenzhen MJ Microelectronics Technology Co.	Procurement of goods				3,316.00
Shenzhen Tefatec Communication Technology Co.	Procurement of goods	79,209,424.93			

Statement of sale of  
goods/provision of  
services

Unit: \$

related party	Content of connected transactions	Current period occurrences	Prior-period occurrences
AtopEuropeA/S	Sales of goods	106,648,180.83	71,992,333.66
Shenzhen Sea World Co.	Sales of goods	1,314,150.91	563,207.53

Shenzhen Tefa Xiaomesha Investment Development Co.	Technical Services	Shenzhen Tefa Information Company Limited Full Annual Report 2021	2,535,849.06	1,690,566.04
Shenzhen Tefatec Communication Technology Co.	Sales of goods		2,888,590.50	
Shenzhen MJ Microelectronics Technology Co.	Sales of goods		5,390,462.58	

Description of related transactions for the purchase and sale of goods, provision and receipt of services

(2) Associated entrusted/contracted and delegated/contracted out

(3) Associated leases

The Company, as lessor.

Unit: \$

Name of the lessee	Type of leased assets	Lease income recognized during the period	Lease income recognized in prior period
Shenzhen Tefa Information Cable TV Co.	House for rent	197,209.39	154,715.04
Shenzhen Tefa Service Co.	House for rent	1,002,558.40	650,458.40
Shenzhen Tefa Service Company Limited Dongguan Branch	House for rent	38,369.76	38,643.45
Shenzhen Shenshan Special Cooperation Zone Tefa Saige Technology Co.	House for rent		124,021.55
Shenzhen Tefatec Communication Technology Co.	House for rent	1,550,590.47	

#### (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

Description of affiliated guarantees

#### (5) Related party funds borrowing and lending

#### (6) Transfer of assets and debt restructuring by related parties

#### (7) Key management compensation

Unit: \$

spor ts even t	Current period occurrence s	Prior- period occurrence s
Key management compensation	4,776,200.00	7,823,300.00

#### (8) Other related transactions

### 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	Book balance	Provision for bad

			debts		debts
Accounts receivable	Shenzhen Tefa Information Cable TV Co.	3,715,451.02	3,715,451.02	3,771,975.79	3,657,977.52
Accounts receivable	AtopEuropeA/S	29,391,818.86	3,583.20	20,055,229.71	3,583.20
Accounts receivable	Shenzhen Tefa Xiaomesha Investment Development Co.			896,000.00	
Accounts receivable	Shenzhen Sea World Co.			597,000.00	
Accounts receivable	Shenzhen Tefatec Communication Technology Co.	2,367,675.56			

Accounts receivable	Shenzhen MJ Microelectronics Technology Co.	1,281,284.16			
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 Sea World Co.			20,000.00	
Other receivables	Shenzhen Tefatec Communication Technology Co.	60,239,054.05		96,922,732.20	

## (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
accounts payable	Shenzhen Tefa Information Cable TV Co.	28,928.00	28,928.00
accounts payable	Shenzhen Tefatec Communication Technology Co.	0.01	
Other accounts payable	Shenzhen Tefa Service Co.	1,161,900.62	1,150,451.25
Other accounts payable	Shenzhen Tefa Information Cable TV Co.	38,133.00	38,133.00
Other accounts payable	Shenzhen Tefa Engineering Management Co.	188,207.55	188,207.55
Other accounts payable	Shenzhen Tefatec Communication Technology Co.	1,928,736.27	67,628,163.38

## 7. Related party commitments

## 8. Other

## XIII. Share-based payments

### 1. General information on share-based payments

☐ Applicable ☒ Not applicable

### 2. Equity-settled share-based payments

☐ Applicable ☒ Not applicable

### 3. Cash-settled share-based payments

☐ Applicable ☒ Not applicable

#### 4. Modification and termination of share-based payments

#### 5. Other

#### xiv. commitments and contingencies

##### 1. Key commitments

Significant commitments in existence at the balance sheet date

##### 1.Underlying asset performance commitments

Ltd. ("Sichuan Huatuo"), the original shareholders of Mianyang Huatuo Lihe Enterprise Management Partnership (Limited Partnership), Liu Hui and Fan Wei, the Company signed the "Agreement on Equity Transfer with Conditions and Capital Increase in Sichuan Huatuo Optical Communication Co. 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 shall be 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 of 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 the performance commitment period of Sichuan Huatuo respectively, and the accounting policies on which the financial reports of Sichuan Huatuo 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 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 yuan - 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) ÷ 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 is 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, 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 calculation result of the performance compensation amount is negative, its absolute value shall be the amount payable by the Company to the Transferor. The compensation obligor or payer shall pay to the other party within 10 days after the issuance of the special audit report 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 closing impairment amount of the Subject Assets is >[(cumulative committed net profit for the three-year commitment period - cumulative realized net profit for the three-year commitment period) ÷ cumulative committed net profit for the three-year commitment period × total transaction consideration of the Subject Assets], the Transferring Parties shall compensate the Company in cash for the impairment of the assets, and the amount of compensation for the impairment of the assets = closing impairment amount - [(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) ÷ the accumulated committed net profits for the three-year commitment period × 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 2021, Sichuan Huatuo's net profit attributable to shareholders of the parent company for the year 2021, after deduction of non-recurring gains and losses, was RMB16,539,380.75 and the Company was required to pay the remaining amount to the transferor pursuant to the Agreement on the Conditional Effective Equity Transfer and Capital Increase of Sichuan Huatuo Optical Communication Co.

## 2. Contingencies

### (1) Significant contingencies existing at the balance sheet date

In early June 2016, Memory Electronics Co., Ltd. came to Tefa Dongzhi, a subsidiary of the Company, to reflect the BOHS order and payment for the period from March 2015 to June 2016 and submitted a series of documents with the official seal of Tefa Dongzhi, including a collection mandate letter, a payment mandate letter and a confirmation letter of the billing period, stating that Tefa Dongzhi owed it a total of US\$3,007,850.32. 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 stated that the entire transaction 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. claimed that all the transactions were 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, where the company was located.

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, RMB200,000.00 for attorney's fees and its capital occupation. On November 25, 2016, Memory Electronics Co., Ltd. applied for litigation property preservation and seized and froze the bank deposit of Tefa Dongzhi deposited in Shenzhen Technology Sub-branch of Bank of Jiangsu for RMB21,767,359.47. In July 1, 2019, the court of first instance ruled that Tefa Jiajun's conduct constituted duty agency on the grounds that Tefa Dongzhi to pay Memory Electronics Limited the amount of RMB20,243,720.20 for the goods together with the corresponding interest, which was calculated from 21 May 2016 until 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.

On 19 February 2020, Chen Chuanrong, the former shareholder of Tefa Dongzhi, undertook that if, as a result of the People's Court verdict, mediation ruling or settlement plan of both parties in the case of Memory Electronics, Tefa Dongzhi is required to pay to Memory Electronics the purchase price and corresponding interest, loss of expected available benefits, other relevant costs and the need to bear the costs of the case including attorney's fees, Hong Kong lawyer's witness fees, translation fees, case acceptance fees, preservation fees, etc. I will bear all

such costs through my own savings, income from salary and wage award or realisation of assets, and will pay the equivalent amount by bank transfer to the designated account of Tefa Dongzhi at the same time as Tefa Dongzhi actually pays the relevant compensation to Memory Electronics.

As of December 31, 2021, the Company has not received the relevant payment from Chen Chuanrong and the carrying amount of this claim is \$25,412,385.67, while a full provision for impairment has been made against this claim with a carrying value of \$0.00.

Other than the above, there are no other material contingencies that need to be disclosed by the Company as at the date of approval of these financial statements for filing.

**(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.

3. Other

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

xvi. other important matters

1. Debt restructuring

2. Asset replacement

(1) Exchange of non-monetary assets

(2) Other asset replacements

3. Annuity plans

4. Termination of operations

5. Divisional information

(1) Basis of determination of reportable segments and accounting policies

(2) Financial information for reportable segments

(3) If the company has no reportable segments or cannot disclose the total assets and total liabilities of each reportable segment, it should state the reasons

(4) Other notes

6. Other important transactions and events that have an impact on investors' decisions

7. Other

(i) Borrowing costs

The total borrowing costs capitalized during the period of \$14,877,227.64 were mainly used for construction-in-progress projects, and the capitalization rates used to calculate the amount of borrowing costs capitalized during the period were 5.90% and 5.19%, respectively.

---

(ii) Foreign currency translation

Annual Report 2021

The exchange difference charged to current profit or loss for the period was \$7,605,992.07.

## XVII. Notes to the main items in the parent company financial statements

### 1. Accounts receivable

#### (1) Accounts receivable classification disclosure

Unit: \$

cate gories	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	Perce ntage of accr ual		sum of money	propor tion	sum of money	Perce ntage of accrual	
Accounts receivable with provision for bad debts on a stand-alone basis	57,919,973.55	5.08%	13,355,880.16	86.94%	44,564,093.39	40,624,658.98	6.51%	16,344,596.80	91.41%	24,280,062.18
Of which.										
Accounts receivable with provision for bad debts by portfolio	1,081,863,644.99	94.92%	30,058,533.72	2.78%	1,051,805,111.27	583,850,555.66	93.49%	23,266,462.20	3.99%	560,584,093.46
Of which.										
add up the total	1,139,783,618.54	100.00%	43,414,413.88	3.81%	1,096,369,204.66	624,475,214.64	100.00%	39,611,059.00		584,864,155.64

Provision for bad debts is made on an individual basis.

Unit: \$

name (of a thing)	Closing balance			
	Book balance	Provision for bad debts	Percentage of accrual	Reasons for accrual
Sichuan Huatuo Optical Communication Co.	20,680,490.53			Subsidiaries, no risk of bad debts
Shenzhen Tefa Information Optical Network Technology Co.	8,255,598.24			Subsidiaries, no risk of bad debts
Changzhou Tefa Huayin Wire & Cable	8,401,359.98			Subsidiaries, no risk

Co.		Annual Report 2021		of bad debts
Shenzhen Tefa Information Optoelectronics Technology Co.	4,637,574.14			Subsidiaries, no risk of bad debts
Shenzhen Tefa Information Cable TV Co.	3,633,346.02	3,633,346.02	100.00%	Not expected to be recovered
add up the total	45,608,368.91	3,633,346.02	—	—

Provision for bad debts is made on a portfolio basis.

Unit: \$

name (of a thing)	Closing balance		
	Book balance	Provision for bad debts	Percentage of accrual
Up to and including 1 year (hereinafter)	907,367,903.70	96,530.33	0.01%
1-2 years	70,690,362.72	1,154,392.47	1.63%

2-3 years	35,168,620.06	2,050,517.39	5.83%
3-4 years	20,953,656.96	2,641,991.66	12.61%
4-5 years	5,940,336.76	838,795.97	14.12%
More than 5 years	41,742,764.79	23,276,305.91	55.76%
add up the total	1,081,863,644.99	30,058,533.72	—

Description of the  
basis for determining  
the portfolio:

Description of the  
basis for determining  
the portfolio.

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

Disclosures by  
ageing

Unit: \$

age of accounts	Book balance
Up to and including 1 year	941,192,649.61
1 to 2 years	76,320,808.85
2 to 3 years	35,568,125.93
More than 3 years	86,702,034.15
3 to 4 years	24,899,892.39
4 to 5 years	8,716,080.04
More than 5 years	53,086,061.72
add up the total	1,139,783,618.54

## (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	othe r	

				writ e off		
Accounts receivable	39,611,059.00	3,803,354.88				43,414,413.88
add up the total	39,611,059.00	3,803,354.88				43,414,413.88

(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	397,229,233.00	34.85%	
second place	154,798,844.50	13.58%	
third place	20,680,490.53	1.81%	
fourth place	18,729,759.35	1.64%	180,754.13
fifth place	18,162,975.48	1.59%	4,760,882.52
add up the total	609,601,302.86	53.47%	—

(5) Transfer of accounts receivable and continued involvement in the amount of assets and liabilities formed

(6) Derecognition of receivables due to transfer of financial assets

## 2. Other receivables

Unit: \$

sports event	Closing balance	Opening balance
dividend receivable	36,897,876.77	5,195,567.07
Other receivables	1,387,171,883.73	953,615,645.07
add up the total	1,424,069,760.50	958,811,212.14

(1) interest receivable

1) Classification of interest receivable

2) Significant overdue interest

3) Provision for bad debts

☐ Applicable ☒ Not applicable

(2) dividend receivable

1) Classification of dividends receivable

Unit: \$

Project (or investee)	Closing balance	Opening balance
Shenzhen Tefatec Communication Technology Co.	14,702,309.70	
Beijing Shenzhou Feiyang Technology Co.	7,000,000.00	
Chengdu Fourier Electronic Technology Co.	10,000,000.00	

Chongqing Tefa Information Optical Cable Co.	Annual Report 2021 5,195,567.07	5,195,567.07
add up the total	36,897,876.77	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	28,359,809.47	34,578,794.50
Transactions within the scope of consolidation	1,284,086,631.65	893,518,426.81
Other related party transactions	99,905,498.28	39,660,844.23
Conversion of debt guarantees to claims receivable		20,000,000.00
Current payments and other	47,221,952.99	37,769,912.11
add up the total	1,459,573,892.39	1,025,527,977.65

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 throughout the life of the (No credit impairment has occurred)	Expected credit losses throughout the life of the (Credit impairment has been incurred)	
Balance as at 1 January 2021	1,381,140.07		70,531,192.51	71,912,332.58
Balance as at 1 January 2021 in the current period	--	--	--	--
Current accrual	1,007,206.21		-517,530.11	489,676.10
Balance as at 31 December 2021	2,388,346.26		70,013,662.40	72,402,008.66

Movement in the carrying amount of the provision for losses with significant current period changes

☐ Applicable ☒ Not applicable

Not applicable

Disclosures by

age

age of accounts	Book balance
Up to and including 1 year	1,331,257,503.73
1 to 2 years	32,883,837.33
2 to 3 years	5,492,719.31

More than 3 years	89,939,832.04
3 to 4 years	2,747,192.56
4 to 5 years	2,893,413.55
More than 5 years	84,299,225.93
add up the total	1,459,573,892.41

### 3) 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	audit and write off	other	
first phase	1,381,140.07	1,007,206.21				2,388,346.26
Phase III	70,531,192.51	-517,530.11				70,013,662.40
add up the total	71,912,332.58	489,676.10				72,402,008.66

### 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 provisio n for bad debts
Shenzhen Tefa Dongzhi Technology Co.	Related-unit transactions	1,016,451,736.99	Within 1 year	69.64%	
Changzhou Tefa Huayin Wire & Cable Co.	Related-unit transactions	137,000,000.00	Within 1 year	9.39%	
Sichuan Huatuo Optical Communication Co.	Related-unit transactions	31,719,472.00	Within 1 year	2.17%	
Shenzhen Tefatec Communication Technology Co.	Related-unit transactions	59,938,427.05	Within 1 year	4.11%	
Shenzhen Tefa Information Data Technology Co.	Related-unit transactions	41,720,747.90	Within 1 year	2.86%	

add up the total	--	1,286,830,383.94	--	2021	88.17%	
------------------	----	------------------	----	------	--------	--

6) Receivables involving government grants

7) Other receivables derecognized due to transfer of financial assets

8) Transfer of other receivables and continued involvement in the amount of assets and liabilities created

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	2,179,894,372.10		2,179,894,372.10	1,826,769,884.93		1,826,769,884.93
Investments in associates and joint ventures	77,378,118.96		77,378,118.96	60,672,593.13	2,305,187.63	58,367,405.50
add up the total	2,257,272,491.06		2,257,272,491.06	1,887,442,478.06	2,305,187.63	1,885,137,290.43

(1) Investments in subsidiaries

Unit: \$

investee	Opening balance (book value)	Increase/decrease during the period				Closing balance (book value)	Closing balance of provision for impairment
		additional investment	Reduced investment	Provision for impairment	other		
Beijing Shenzhou Feiyang Technology Co.	315,000,000.00					315,000,000.00	
Shenzhen Tefa Information Optical Network 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 Co.	255,546,333.32					255,546,333.32	
Shenzhen Tefatec Communication Technology Co.	25,755,000.00		25,755,000.00				
Chongqing Tefa Information Optical	62,100,000.00					62,100,000.00	

Cable Co.							
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	
SDGIINOIAPRIVATELI MITED	20,058,417.39					20,058,417.39	
Sichuan Huatuo Optical Communication Co.	92,400,000.00					92,400,000.00	



limited company							
Shenzhen Tefa Information Data Technology Co.	150,120,512.82	310,879,487.17				460,999,999.99	
Shenzhen Tefa Information Technology Service Co.	9,980,000.00	32,000,000.00				41,980,000.00	
Shenzhen Tefa Sanqi Defense Technology Co.		36,000,000.00				36,000,000.00	
add up the total	1,826,769,884.93	378,879,487.17	25,755,000.00			2,179,894,372.10	

(2) Investments in associates and joint ventures

Unit: \$

Investment unit	Opening balance (book value)	Increase/decrease during the period								Closing balance (book value)	Closing balance of provision for impairment
		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		
I. Joint ventures											
II. Associated enterprises											
Chongqing Tefa Bohua Optical Cable Co.			2,300,000.00			-5,187.63		-2,305,187.63			
Shenzhen Yuan Zhi Fu Sea information industry M&A investment enterprise	58,367,405.50			-554,799.83						57,812,605.67	

(limited partnership)							Annual Report 2021				
(partner)											
Shenzhen Tefatec Communication Technology Co.			10,302,000.00	8,530,961.49					732,551.80	19,565,513.29	
Subtotal	58,367,405.50	22,921,345.47	12,602,000.00	6,391,367.99		-5,187.63		-2,305,187.63		77,378,118.96	
add up the total	58,367,405.50	22,921,345.47	12,602,000.00	6,391,367.99		-5,187.63		-2,305,187.63		77,378,118.96	

## (3) Other notes

## 4. Operating income and operating costs

Unit: \$

spor ts even t	Current period occurrence s	Prior- period occurrence s
-------------------------	--------------------------------------	-------------------------------------

	income	cost	income	cost
Main Business	2,779,276,620.09	2,601,560,625.94	2,635,080,814.64	2,352,977,622.56
Other operations	274,992,230.77	119,213,564.98	238,237,584.52	101,528,221.94
add up the total	3,054,268,850.86	2,720,774,190.92	2,873,318,399.16	2,454,505,844.50

Information related to

compliance obligations:

not applicable

Information relating to the transaction price apportioned to the remaining performance obligation.

The amount of revenue corresponding to performance obligations that have been contracted for but not yet performed or not yet completed at the end of the reporting period is \$0.00, of which \$0.00 is expected to be recognized in the year, \$0.00 is expected to be recognized in the year and \$0.00 is expected to be recognized in the year 0.

## 5. Investment income

Unit: \$

spor ts even t	Current period occurrence s	Prior- period occurrence s
Gain on long-term equity investments accounted for under the cost method	35,676,665.14	35,088,512.07
Income from long-term equity investments accounted for under the equity method	7,976,161.66	7,380,634.49
Investment income arising on disposal of long-term equity investments	12,632,140.07	
Financial product returns	21,811,411.56	514,582.07
add up the total	78,096,378.43	42,983,728.63

## 6. Other

### xviii. additional information

#### 1. Breakdown of non-recurring gains and losses for the period

√ Applicable ☐

Not applicable

Unit: \$

spor ts even t	sum of money	inst ruct ions
Gain or loss on disposal of non-current assets	8,594,784.42	

Government subsidies charged to current profit or loss (except those closely related to the Company's normal business operations, which are in line with national policies and are enjoyed on an ongoing basis at a fixed or quantitative amount in accordance with certain standards)	Shenzhen Tefa Information Company Limited Full	
	Annual Report 2021	32,091,480.02
Gains or losses from entrusting others with the investment or management of assets		
Gains or losses from changes in fair value of financial assets held for trading, financial liabilities held for trading and investment gains from disposal of financial assets for trading and available-for-sale financial assets, except for effective hedging operations related to the Company's normal business operations	21,008,454.57	
Non-operating income and expenses other than those mentioned above	3,438,926.54	
Other items of profit or loss that meet the definition of non-recurring profit or loss	-7,562,373.53	

Less: Income tax effect	9,253,582.89	
Minority interest impact amount	2,427,524.46	
add up the total	45,890,164.67	—

Details of other items of profit or loss that meet the definition of non-recurring profit or loss.

☐ Applicable ☒ Not applicable

The Company does not have specific information on other items of profit or loss that meet the definition of non-recurring profit or loss.

Information on the definition of non-recurring items of profit or loss 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

☐ 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	-28.52%	-0.7505	-0.7505
Net income attributable to ordinary shareholders of the Company after non-recurring gains and losses	-30.64%	-0.8062	-0.8062

## 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 reasons for differences in accounting data under domestic and foreign accounting standards, with the name of the foreign auditor if the difference is reconciled to data that has been audited by the foreign auditor

## 4. Other

