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**成 都 普 天 電 纜 股 份 有 限 公 司**

**CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED**

*(a sino-foreign joint stock limited company incorporated in the People's Republic of China)*

(Stock Code: 1202)

## **2021 ANNUAL RESULTS ANNOUNCEMENT**

The board of directors (the “**Board**”) of Chengdu PUTIAN Telecommunications Cable Company Limited (the “**Company**” or “**Chengdu PUTIAN**”) hereby announces the audited consolidated financial data of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2021 (the “**Year**”) together with comparative figures for the corresponding period in 2020 as follows:

# CONSOLIDATED BALANCE SHEET

As at 31 Dec 2021

Chengdu PUTIAN Telecommunications Cable Company Limited

(Monetary Unit: CNY)

	<i>Section 6</i>	<b>Closing balance</b>	Opening balance
<b>Assets</b>			
Current Assets:			
Cash and bank balance		<b>478,366,924.31</b>	424,800,107.42
Financial assets held for trading			
Derivative financial asset			
Notes receivable	<i>Note 1</i>	<b>1,310,722.32</b>	37,152,364.95
Account receivable	<i>Note 2</i>	<b>62,983,956.72</b>	59,894,569.81
Receivable financing	<i>Note 3</i>	<b>80,904,604.71</b>	42,524,298.26
Advances paid		<b>2,977,144.94</b>	24,428,049.75
Other receivables		<b>35,401,837.91</b>	11,190,594.20
Inventories		<b>47,603,420.50</b>	61,420,721.02
Contract Assets			
Assets held for sale			59,083,708.14
Non-current assets due within one year			
Other current assets		<b>4,367,007.54</b>	10,991,490.98
		-----	-----
<b>Total Current Assets</b>		<b>713,915,618.95</b>	731,485,904.53

	<i>Section 6</i>	<b>Closing balance</b>	Opening balance
Non-current Assets:			
Debt investments			
Other debt investments			
Long-term accounts receivable			
Long-term equity investments		<b>45,754,237.81</b>	52,515,656.12
Other equity instrument investments		<b>5,607,816.00</b>	4,261,335.00
Other non-current financial assets			
Investment Property		<b>67,436,327.72</b>	74,185,437.86
Fixed assets		<b>137,317,016.07</b>	152,148,313.22
Construction in process		<b>775,646.90</b>	1,621,829.16
Productive biological assets			
Oil&gas assets			
Right-of-use assets			
Intangible assets		<b>32,566,614.61</b>	33,499,615.39
Capitalised R&D expenses			
Goodwill			
Long-term deferred expenses		<b>1,114,542.68</b>	1,418,508.80
Deferred income tax assets			
Other non-current assets		<b>66,287.54</b>	
		-----	-----
Total Non-current Assets		<b>290,638,489.33</b>	319,650,695.55
		-----	-----
Total Assets		<b>1,004,554,108.28</b>	1,051,136,600.08
		=====	=====

	<i>Section 6</i>	<b>Closing balance</b>	Opening balance
<b>LIBILITIES AND EQUITY</b>			
Current Liabilities:			
Short-term borrowings			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable	<i>Note 4</i>	<b>21,421,997.00</b>	24,543,558.75
Advances received		<b>707,219.17</b>	236,733.80
Contract liabilities		<b>3,897,101.34</b>	2,895,447.37
Employee benefits payable		<b>19,022,162.23</b>	22,178,836.03
Taxes and rates payable		<b>1,486,978.23</b>	1,605,093.85
Other payables		<b>22,859,783.93</b>	44,342,511.11
Liabilities held for sale			
Non-current liabilities due within one year		<b>433,080.49</b>	
Other current liabilities		<b>252,153.05</b>	
		-----	-----
<b>Total Current Liabilities</b>		<b>70,080,475.44</b>	95,802,180.91
		-----	-----
Non-current Liabilities:			
Long-term borrowings		<b>4,690,379.98</b>	6,176,328.82
Bonds payable			
Including: Preferred shares perpetual bonds			
Lease Liabilities			
Long-term accounts payable			
Long-term employee benefits payable		<b>40,582,354.50</b>	
Provisions			
Deferred income		<b>50,395,466.20</b>	54,068,997.52
Deferred tax liabilities			532,521.40
Other non-current liabilities			
		-----	-----
<b>Total Non-current Liabilities</b>		<b>95,668,200.68</b>	60,777,847.74
		-----	-----
<b>Total Liabilities</b>		<b>165,748,676.12</b>	156,580,028.65
		=====	=====

	<i>Section 6</i>	<b>Closing balance</b>	Opening balance
<b>Owners' Equity:</b>			
Share capital		<b>400,000,000.00</b>	400,000,000.00
Other equity instruments			
Including: Preferred shares perpetual bonds			
Capital reserves		<b>638,760,122.08</b>	638,760,122.08
Less: Treasury stock			
Other Comprehensive Income	<i>Note 5</i>	<b>4,896,623.69</b>	3,017,621.29
Special reserves			
Surplus reserves		<b>8,726,923.61</b>	8,726,923.61
Retained earnings		<b>-297,500,420.97</b>	-245,232,130.12
		-----	-----
Total equity attributable to the parent company		<b>754,883,248.41</b>	805,272,536.86
		-----	-----
Non-controlling interest		<b>83,922,183.75</b>	89,284,034.57
		-----	-----
<b>Total Owners' Equity</b>		<b>838,805,432.16</b>	894,556,571.43
		-----	-----
<b>Total Liabilities and Owners' Equity</b>		<b>1,004,554,108.28</b>	1,051,136,600.08
		=====	=====

# CONSOLIDATED INCOME STATEMENT

For the year ended 31 Dec 2021

Chengdu PUTIAN Telecommunications Cable Company Limited

(Monetary Unit: CNY)

Items	Section 6	Current period cumulative	Preceding period comparative
<b>I. Total operating Revenue</b>	<i>Note 6</i>	<b>300,424,372.33</b>	239,383,759.52
Less: Cost of sales	<i>Note 6</i>	<b>267,850,501.90</b>	222,610,598.53
Tax and surcharge	<i>Note 7</i>	<b>2,032,677.84</b>	6,404,373.46
Marketing expenses	<i>Note 8</i>	<b>5,025,175.93</b>	7,884,452.39
Administration expenses	<i>Note 9</i>	<b>85,574,387.12</b>	45,379,626.39
R&D expenses	<i>Note 10</i>	<b>12,278,143.32</b>	11,148,461.30
Financial costs	<i>Note 11</i>	<b>-9,776,284.73</b>	-5,222,499.13
Including: Interest expenses		<b>87,110.41</b>	96,735.06
Interest income		<b>9,396,639.26</b>	5,002,732.92
Add: Other income		<b>8,263,425.78</b>	8,898,641.77
Investment income (or less: loss)		<b>1,769,373.55</b>	-12,156,682.51
Including: Investments income from joint ventures and associates		<b>-14,422,498.48</b>	-12,156,682.51
Amortized cost			
Net open hedge income (or less: loss)			
Gain on changes in fair value (or less: loss)			
Credit impairment loss (or less: loss)		<b>-1,850,232.89</b>	2,092,075.53
Assets impairment loss (or less: loss)		<b>-4,540,904.93</b>	-10,361,807.87
Gains on assets disposal (or less: loss)		<b>449,163.30</b>	1,399,343.13
<b>II. Operating Profit (or less: loss)</b>		<b>-58,469,404.24</b>	-58,949,683.37
Add: Non-operating revenue		<b>50,905.53</b>	4,571,839.37
Less: Non-operating expenditures		<b>569,999.60</b>	2,310,567.62
<b>III. Profit before tax (or less: loss)</b>		<b>-58,988,498.31</b>	-56,688,411.62
Less: Income tax	<i>Note 12</i>	<b>-1,358,356.64</b>	

Items	<i>Section 6</i>	Current period cumulative	Preceding period comparative
<b>IV. Net profit (or less: net loss)</b>		<b><u>-57,630,141.67</u></b>	<u>-56,688,411.62</u>
Including: Net profit realized by the merged party under common control before the merger			
(I) Categorized by continuity of operations			
1. Net profit from continuing operations (or less: loss)		<b>-57,630,141.67</b>	-56,688,411.62
2. Net profit from discontinued operations (or less: loss)			
(II) Categorized by the portion of equity ownership			
1. Net profit attributable to owners of parent company (or less: loss)		<b>-52,268,290.85</b>	-42,819,958.90
2. Net profit attributed to non-controlling shareholders (or less: loss)		<b>-5,361,850.82</b>	-13,868,452.72
<b>V. Other comprehensive income after tax</b>		<b><u>1,879,002.40</u></b>	<u>-608,690.10</u>
<b>Items attributable to the owners of the parent company</b>		<b><u>1,879,002.40</u></b>	<u>-608,690.10</u>
(I) Not to be reclassified subsequently to profit and loss		<b><u>1,879,002.40</u></b>	<u>-608,690.10</u>
1. Changes in remeasurement on the net defined benefit plan			
2. Items under equity method that will not be reclassified to profit and loss			
3. Changes in fair value of other equity instrument investments	<i>Note 5</i>	<b>1,879,002.40</b>	-608,690.10
4. Changes in fair value of own credit risk			
5. Others		-----	-----

Items	<i>Section 6</i>	<b>Current period cumulative</b>	Preceding period comparative
<b>(II) To be reclassified subsequently to profit and loss</b>			
1. Items under equity method that may be reclassified to profit or loss			
2. Changes in fair value of other debt investments			
3. Profit or loss from reclassification of financial assets into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedging reserve			
6. Translation reserve			
7. Investment income generated by a package disposal subsidiary prior to loss of control			
8. Conversion of other assets into investment real estate measured by fair value models			
9. Others			
<b>Items attributable to non-controlling shareholders</b>			
<b>VI. Total comprehensive income</b>		<b>-55,751,139.27</b>	<b>-57,297,101.72</b>
Items attributable to the owners of the parent company		<b>-50,389,288.45</b>	-43,428,649.00
Items attributable to non-controlling shareholders		<b>-5,361,850.82</b>	-13,868,452.72
<b>VII. Earning per share(EPS)</b>			
(I) Basic EPS (yuan per share)		<b>-0.13</b>	-0.11
(II) Diluted EPS (yuan per share)		<b>-0.13</b>	-0.11

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 Dec 2021

Chengdu PUTIAN Telecommunications Cable Company Limited

(Monetary Unit: CNY)

Items	Section 6	Current period cumulative	Preceding period comparative
<b>I. Cash flows from operating activities:</b>			
Cash receipts from sales of goods or rendering of services		<b>201,784,286.56</b>	220,256,788.73
Receipts of tax refund			417,053.60
Other cash receipts related to operating activities		<b>68,175,742.15</b>	120,061,487.99
		<hr/>	<hr/>
Subtotal of cash inflows from operating activities		<b>269,960,028.71</b>	340,735,330.32
		<hr/>	<hr/>
Cash payment for goods purchased and service received		<b>124,406,772.26</b>	232,515,888.69
Cash paid to and on behalf of employees		<b>55,188,529.11</b>	46,884,143.98
Cash payments for taxes and rates		<b>3,541,212.91</b>	7,430,407.80
Other cash payments related to operating activities		<b>38,343,963.94</b>	59,674,955.57
		<hr/>	<hr/>
Subtotal of cash outflows from operating activities		<b>221,480,478.22</b>	346,505,396.04
		<hr/>	<hr/>
<b>Net cash flows from operating activities</b>		<b>48,479,550.49</b>	-5,770,065.72

Items	<i>Section 6</i>	Current period cumulative	Preceding period comparative
<b>II. Cash flows from investment activities:</b>			
Cash receipts from withdrawal of investments		<b>16,000,000.00</b>	20,284,350.00
Cash receipts from investmnt income			
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets		<b>930,325.00</b>	2,425,500.00
Net cash receipts from the disposal of subsidiaries & other business unites			
Other cash receipts related to investing activities			1,000,000.00
Subtotal of cash inflows from investing activities		<b>16,930,325.00</b>	23,709,850.00
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		<b>939,586.88</b>	3,200,689.39
Cash payments for investments			
Net cash payments for the acquisition of subsidiaries & other business units			
Other cash payment related to investing activities			
Subtotal of cash outflows from investing activities		<b>939,586.88</b>	3,200,689.39
<b>Net cash flows from investing activities</b>		<b>15,990,738.12</b>	20,509,160.61

Items	<i>Section 6</i>	Current period cumulative	Preceding period comparative
<b>III. Cash flows from financing activities:</b>			
Cash receipts from absorbing investments Including: Cash received by subsidiaries from non-controlling shareholders as investments			
Cash receipts from borrowings			
Other cash receipts related to financing activities			
Subtotal of cash inflows from financing activities			
Cash payments for the repayment of borrowings		<b>459,727.45</b>	469,898.28
Cash payments for distribution of dividends or profits and for interest expenses		<b>87,110.41</b>	4,096,735.06
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit			4,000,000.00
Other cash payments related to financing activities			
Subtotal of cash outflows from financing activities		<b>546,837.86</b>	4,566,633.34
<b>Net cash flows from financing activities</b>		<b>-546,837.86</b>	-4,566,633.34

Items	<i>Section 6</i>	<b>Current period cumulative</b>	Preceding period comparative
<b>IV. Effect of foreign exchange rate changes on cash &amp; cash equivalents</b>		<u><b>-93,345.92</b></u>	<u>-262,969.32</u>
<b>V. Net increase in cash and cash equivalents</b>		<u><b>63,830,104.83</b></u>	<u>9,909,492.23</u>
Add: Opening balance of cash and cash equivalents		<u><b>408,342,218.89</b></u>	<u>398,432,726.66</u>
<b>VI. Closing balance of cash and cash equivalents</b>		<u><u><b>472,172,323.72</b></u></u>	<u><u>408,342,218.89</u></u>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 Dec 2021

Chengdu PUTIAN Telecommunications Cable Company Limited

(Monetary Unit: CNY)

Items	Current period cumulative									
	Equity attributable to parent company					Current period cumulative				
	Other equity instruments		Capital reserve	Treasury shares	Less: comprehensive income	Special reserve	Surplus reserve	Retained earning	Non-controlling interest	Total equity
Share capital	Preferred shares	Perpetual bonds								
I. Balance at the end of period	400,000,000.00		638,760,122.08		3,017,621.29		8,726,923.61	-236,378,761.97	89,284,034.57	903,409,939.58
Add:										
Cumulative changes of accounting policies										
Error correction of prior period										
Business combination under common control										
Others										
II. Balance at the beginning of current year	400,000,000.00		638,760,122.08		3,017,621.29		8,726,923.61	-245,232,130.12	89,284,034.57	894,556,571.43
III. Current period increase (or less: decrease)					1,879,002.40			-52,268,290.85	-5,361,850.82	-55,751,139.27
(I) Total comprehensive income					1,879,002.40			-52,268,290.85	-5,361,850.82	-55,751,139.27
(II) Capital contributed or withdrawn by owners										
1. Ordinary shares contributed by owners										
Capital contributed by holders of other equity										
2. instruments										
3. Amount of share-based payment included in equity										
4. Others										
(III) Profit distribution										
1. Appropriation of surplus reserve										
2. Appropriation of profit to owners										
3. Others										
(IV) Internal carry-over within equity										
1. Transfer of capital reserve to capital										
2. Transfer of surplus reserve to capital										
3. Surplus reserve to cover losses										
Changes in defined benefit plan carried over to										
4. retained earnings										
Other comprehensive income carried over to										
5. retained earnings										
6. Others										
(V) Special reserve										
1. Appropriation of current period										
2. Application of current period										
(VI) Others										
IV. Balance at the end of current period	400,000,000.00		638,760,122.08		4,896,623.69		8,726,923.61	-297,500,420.97	83,922,183.75	838,805,432.16

Chengdu PUTIAN Telecommunications Cable Company Limited

(Monetary Unit: CNY)

項目	Preceding period comparative											
	Equity attributable to parent company					Other						
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earning	Non-controlling interest	Total equity
<b>I. Balance at the end of period</b>	400,000,000.00				638,760,122.08		3,626,311.39		8,726,923.61	-193,187,054.70	107,152,487.29	965,078,789.67
Add: Cumulative changes of accounting policies												
Error correction of prior period										-9,225,116.52		-9,225,116.52
Business combination under common control												
Others												
<b>II. Balance at the beginning of current year</b>	400,000,000.00	0.00			638,760,122.08	0.00	3,626,311.39		8,726,923.61	-202,412,171.22	107,152,487.29	955,853,673.15
<b>III. Current period increase (or less: decrease)</b>							-608,690.10			-42,819,958.90	-17,868,452.72	-61,297,101.72
(I) Total comprehensive income							-608,690.10					
(II) Capital contributed or withdrawn by owners												
1. Ordinary shares contributed by owners												
Capital contributed by holders of other equity												
2. instruments												
3. Amount of share-based payment included in equity												
4. Others												
(III) Profit distribution												
1. Appropriation of surplus reserve												
2. Appropriation of profit to owners												
3. Others												
(IV) Internal carry-over within equity												
1. Transfer of capital reserve to capital												
2. Transfer of surplus reserve to capital												
3. Surplus reserve to cover losses												
Changes in defined benefit plan carried over to												
4. retained earnings												
Other comprehensive income carried over to												
5. retained earnings												
6. Others												
(V) Special reserve												
1. Appropriation of current period												
2. Application of current period												
(VI) Others												
<b>IV. Balance at the end of current period</b>	400,000,000.00				638,760,122.08		3,017,621.29		8,726,923.61	-245,232,130.12	89,284,034.57	894,556,571.43

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

## I. CORPORATE PROFILE

### (I) Registered address, organization structure and office address of the company

Chengdu PUTIAN Telecommunications Cable Company Limited (the “Company”) was incorporated and registered with the Chengdu Administration Bureau of Industry and Commerce on 1 October 1994 after its restructuring from Chengdu Cable Plant of the Posts and Telecommunications Ministry of China (now known as “China PUTIAN Corporation”), as independent promoter, under the approval of the relevant department of the State Council. The Company is headquartered in Chengdu, Sichuan Province. The Company currently holds a business license with unified social credit code of 9151010020193968XY, with registered capital of 400,000,000 yuan. There are a total of 400,000,000.00 shares in issue with the nominal value of RMB1 each of which: equity interest of China PUTIAN Corporation amounts to RMB240,000,000, representing 60% of the total shares; equity interest of public holders of ordinary shares (H Shares) listed in Hong Kong amounts to RMB160,000,000, representing 40% of the total shares. The Company’s shares were listed at the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) respectively on 13 December 1994.

On 29 October 2021, the Company was informed by China Electronics Technology Group Corporation (“China Electronics Technology”), the de facto controlling shareholder, that the Company’s controlling shareholder, China Potevio Company Limited (“China Potevio”) has entered into an equity transfer agreement with Chengdu Siwi Electronic Co., Ltd (“Chengdu Siwi Electronic”), a wholly-owned subsidiary of 29th Research Institute of China Electronics Technology Group Corporation, for the transfer of 240,000,000 shares of the Company at nil consideration to Chengdu Siwi effectively on 31 December 2020. Upon completion of the Equity Transfer, Chengdu Siwi Electronic hold 240,000,000 shares, and the public holders of ordinary shares (H Shares) hold 160,000,000 shares.

### (II) Business scope and major operations

The business scope of the company is as follows:

Wires and cables, optical fibers and optical cables, specialized materials used for cables, irradiation processing, cable accessories, specialized facilities and equipment and the equipment and facilities for various information industry products (excluding products restricted and prohibited by the State), devices and equipment technology research and development, product manufacturing, sales and services, electrical equipment technology development, transfer, consulting and related supporting services;

Design and installation: city and road lighting construction, construction and renovation work for buildings, fire safety facilities construction, electromechanical equipment installation, electroweak system engineering for buildings in communities, computer network engineering and communication engineering and equipment (excluding contracted work for power facilities installation (repair & test));

Wholesale and retail: communications equipment (except radio transmitting equipment), lighting equipment, electrical equipment, instrumentation, electronic measuring instruments, electronic components, transmission, distribution and control equipment, hardware products and electronic products, plastic products, mineral products, building materials and chemical products (except dangerous chemicals products and precursor chemicals), daily necessities, commission agent (except by auction), import and export proprietary goods and similar commodities;

Self-owned real estate, machinery leasing, and property management.

### (III) Approval of financial statements

The financial statements were approved and authorized for issue by the Board of Directors dated 25 March 2022.

## II. CONSOLIDATION SCOPE

The Company has brought 3 subsidiaries into the consolidation scope, including:

Subsidiaries	Subsidiary type	Level	Holding proportion (%)	Voting right proportion (%)
Chengdu SEI Optical Fiber Co., Ltd	Holding subsidiary	Second-tier	60	60
Chengdu Zhongling Wireless Communication Cable Co., Ltd	Wholly-owned subsidiary	Second-tier	100	100
Chengdu PUTIAN New Material Co., Ltd	Wholly-owned subsidiary	Second-tier	100	100

There is no change for the current period consolidation scope compared with the previous period.

## III. PREPARATION BASIS OF THE FINANCIAL STATEMENTS

### (I) Preparation basis

The financial statements have been prepared in accordance with the requirements of China Accounting Standards for Business Enterprises (CASBEs) and the Listed Company Information Disclosure Standard No.15 (2014 edition), and present truly and completely the financial position, results of operations and cash flows of the Company.

### (II) Going concern

The Company has no events or conditions that may cast significant doubts upon the Company's ability to continue as a going concern within the 12 months after the balance sheet date. The financial statements have been prepared on the basis of going concern.

### (III) Accounting methods and valuation principles

The financial statements have been prepared on an accruals basis and are based on historical costs. If an asset is impaired, a corresponding impairment provision is made in accordance with the relevant standards.

## IV. Changes in accounting policies

### (1) The impact of the implementation of CASBE interpretation No.14

On 2 February 2021, the Ministry of Finance issued the Interpretation No.14 of CASBE (hereinafter referred to as "Interpretation No. 14"), which came into effect on 2 February 2021 (hereinafter referred to as the "Implementation Date").

The Company has implemented Interpretation No. 14 since the effective date, and The Implementation Interpretation No. 14 has no material impact on the financial statements during the reporting period.

## (2) The impact of the implementation of CASBE interpretation No.15

On 31 December 2021, the Ministry of Finance issued the Interpretation no. 15 of CASBE (hereinafter referred to as “Interpretation No. 15”), which came into effect on the date of promulgation. Interpretation No. 15 regulates the presentation of funds of parent companies and member units through internal settlement centers, financial companies, etc.

Effective December 31, 2021, the Company implemented Interpretation 15, which has no material impact on the financial statements for the comparable period.

## V. TAXES

### (I) Main categories of tax and tax rates

Taxes	Tax basis	Tax rate	Notes
Value-added tax (VAT)	Domestic sales; Processing services	13%	
	Water rate; Gas fees; Rent	9%	
	Property management services	6%	
	Simple Tax Computation	5%或3%	
Property tax	70% of the original value of the property	1.2% (for property value)	
	(or rental income)	12% (for rental income)	
Urban land use tax	Land area actually occupied	6 yuan/m <sup>2</sup>	
		8 yuan/m <sup>2</sup>	
Resource tax	Water actually consumed	2.69/m <sup>3</sup>	
Business income tax	Taxable income	15%、25%	
Urban maintenance and construction tax	Turnover tax actually paid	7%	
Education surcharge	Turnover tax actually paid	3%	
Local education surcharge	Turnover tax actually paid	2%	

Different enterprise income tax rates applicable to different taxpayers:

Taxpayer	所得税税率
Chengdu PUTIAN Telecommunications Cable Company Limited	15%
Chengdu SEI Optical Fiber Co., Ltd	15%
Chengdu PUTIAN New Material Co., Ltd	25%
Chengdu Zhongling Wireless Communication Cable Co., Ltd	25%

## (II) The preferential tax policy and the basis

1. According to the requirements of the “The Policy from the General Office of the People’s Government of Sichuan Province on Alleviate the Production and Operation Difficulties of Small and Medium-sized Enterprises from COVID-19” (Chuan Ban Fa [2020] No. 10), small and medium-sized enterprises that have major losses caused by the epidemic, whose normal production and operation activities have been significantly affected, and who have real difficulties in paying property tax and urban land use tax, can apply for exemption during the epidemic period. In order to implement the exemption, the Sichuan Provincial Taxation Bureau and the Sichuan Provincial Department of Finance issued the Announcement on Matters Related to the Continued Exemption of Property Tax and Urban Land Use Tax during the Epidemic Period (Announcement No. 2 [2021] of the Sichuan Provincial Taxation Bureau of the State Administration of Taxation) on 30 April 30 2021, and the company continued to entitled the policy of reducing and exempting the two taxes on property and land during the epidemic in 2021.
2. The company obtained the High-tech Enterprise Certificate on 15 December 2021, with a validity period of 3 years, and the certificate number is GR202151003385. The enterprise income tax will be paid at a reduced tax rate of 15% from 2021 to 2023.

The subsidiary company Chengdu SEI Optical Fiber Co., Ltd. obtained the High-tech Enterprise Certificate on 11 September 2020. The certificate is valid for 3 years. The certificate number is GR202051001074. The enterprise income tax will be paid at a reduced tax rate of 15% from 2020 to 2022.

## (III) Other notes

Employee’s individual income tax is withheld and paid by the company.

## VI. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENT

### Note 1 Notes receivable

#### 1 · Details of notes receivable on categories

Items	Closing balance	Opening balance
Bank acceptance		35,944,487.62
Trade acceptance	1,961,545.37	1,213,947.07
Subtotal	1,961,545.37	37,158,434.69
Less: Provision for bad debts	650,823.05	6,069.74
Total	1,310,722.32	37,152,364.95

**2. Details of notes receivable with provision for bad debts on categories**

Categories	Book balance		Closing balance		Carrying amount
	Amount	% to total	Amount	Provision for bad debts Provision proportion (%)	
Notes receivable with provision made on an individual basis					
Notes receivable with provision made on a collective basis	1,961,545.37	100.00	650,823.05	33.18	1,310,722.32
Including: Trade acceptance	1,961,545.37	100.00	650,823.05	33.18	1,310,722.32
<b>Total</b>	<b>1,961,545.37</b>	<b>100.00</b>	<b>650,823.05</b>	<b>33.18</b>	<b>1,310,722.32</b>

Categories	Book balance		Opening balance		Carrying amount
	Amount	% to total	Amount	Provision for bad debts Provision proportion (%)	
Notes receivable with provision made on an individual basis					
Notes receivable with provision made on a collective basis	37,158,434.69	100.00	6,069.74	0.02	37,152,364.95
Including: Bank acceptance	35,944,487.62	96.73			35,944,487.62
Trade acceptance	1,213,947.07	3.27	6,069.74	0.50	1,207,877.33
<b>Total</b>	<b>37,158,434.69</b>	<b>100.00</b>	<b>6,069.74</b>	<b>0.02</b>	<b>37,152,364.95</b>

**3. Notes receivable with provision made on a collective basis**

Items	Book balance	Closing balance Provision for bad debts	Provision proportion (%)
Trade acceptance portfolio	1,961,545.37	650,823.05	33.18
<b>Total</b>	<b>1,961,545.37</b>	<b>650,823.05</b>	<b>33.18</b>

**4. Changes in provision for bad debts in current period**

Categories	Opening balance	Accrual	Changes			Closing balance
			Recovery or reversal	Write-off	Others	
Notes receivable with provision made on an individual basis						
Notes receivable with provision made on a collective basis	6,069.74	644,753.31				650,823.05
Including: Bank acceptance						
Trade acceptance	6,069.74	644,753.31				650,823.05
Total	<u>6,069.74</u>	<u>644,753.31</u>				<u>650,823.05</u>

**5. No pledged notes at the balance sheet date**

**6. Endorsed or discounted but undue notes at the balance sheet date**

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance	<u>60,281,657.46</u>	
Total	<u>60,281,657.46</u>	

Due to the fact that the acceptor of bank acceptance is commercial banks with high credit level, and bank acceptances are less likely to be disbursed when they mature, the Company will terminate the endorsed or discounted bank acceptance. However, if such notes are not paid when they mature, the Company will still be jointly and severally liable to the bearer under The Negotiable Instruments Act.

**7. Notes transfer to accounts receivable due to non-performance of the drawer during the end of the period**

Items	Transfer to accounts receivable
Bank acceptance	<u>200,000.00</u>
Total	<u>200,000.00</u>

**Note 2 Accounts receivable**

**1. Details of accounts receivable with age analysis method**

Ages	Closing balance	Opening balance
Within 1 year	<b>58,386,413.63</b>	48,526,963.24
1-2 years	<b>2,353,670.48</b>	11,125,092.93
2-3 years	<b>6,527,124.13</b>	5,985,317.16
Over 3 years	<b>51,202,542.82</b>	48,644,816.84
Subtotal	<b>118,469,751.06</b>	114,282,190.17
Less: Provision for bad debts	<b>55,485,794.34</b>	54,387,620.36
Total	<b>62,983,956.72</b>	59,894,569.81

**2. Details of accounts receivable with provision for bad debts on categories**

Categories	Book balance		Closing balance		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivable with provision made on an individual basis	46,978,797.08	39.65	46,978,797.08	100.00	
Receivable with provision Made on a collective basis	71,490,953.98	60.35	8,506,997.26	11.90	62,983,956.72
Including: Related party portfolio	1,470,735.61	1.24	7,353.67	0.50	1,463,381.94
Non-related party portfolio	70,020,218.37	59.11	8,499,643.59	12.14	61,520,574.78
Total	<b>118,469,751.06</b>	<b>100.00</b>	<b>55,485,794.34</b>	<b>46.84</b>	<b>62,983,956.72</b>

Categories	Book balance		Closing balance		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivable with provision made on an individual basis	46,384,236.00	40.59	46,384,236.00	100.00	
Receivable with provision made on a collective basis	67,897,954.17	59.41	8,003,384.36	11.79	59,894,569.81
Including: Related party portfolio	1,441,049.20	1.26	7,205.24	0.50	1,433,843.96
Non-related party portfolio	66,456,904.97	58.15	7,996,179.12	12.03	58,460,725.85
Total	<b>114,282,190.17</b>	<b>100.00</b>	<b>54,387,620.36</b>	<b>47.59</b>	<b>59,894,569.81</b>

### 3. Accounts receivable with provision made on an individual basis

Debtors	Book balance	Closing balance		Reasons
		Provision for bad debts	Provision proportion (%)	
Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd	2,450,193.86	2,450,193.86	100.00	Not expect to be recoverable
KAB/VOLEXXKABKableprektion	2,058,597.74	2,058,597.74	100.00	Not expect to be recoverable
Shenyang Hengfuda Communication Equipment Co., Ltd	1,621,814.62	1,621,814.62	100.00	Not expect to be recoverable
Sichuan Chuandong Electromechanical Equipment Installation Company	1,606,692.41	1,606,692.41	100.00	Not expect to be recoverable
Chongqing Xiongying Communication Co., Ltd	1,414,724.47	1,414,724.47	100.00	Not expect to be recoverable
Yiwu Zhihaoda e-commerce Co., Ltd	1,344,969.65	1,344,969.65	100.00	Not expect to be recoverable
Hangzhou Hanyi Plastic Pipe Materials Co., Ltd.	1,156,614.94	1,156,614.94	100.00	Not expect to be recoverable
Zhongnan Company, China Postal and Electrical Material Company	1,116,797.27	1,116,797.27	100.00	Not expect to be recoverable
Zhejiang Wanneng Communications Group Co., Ltd.	1,079,528.38	1,079,528.38	100.00	Not expect to be recoverable
Others	33,128,863.74	33,128,863.74	100.00	Not expect to be recoverable
Total	<u>46,978,797.08</u>	<u>46,978,797.08</u>		

### 4. Accounts receivable with provision made on a collective basis

#### (1) Related party portfolio

Age	Book balance	Closing balance	
		Provision for bad debts	Provision proportion (%)
Within 1 year	1,131,621.39	5,658.11	0.50
1 – 2 years	214,800.60	1,074.00	0.50
2 – 3 years	10,056.08	50.28	0.50
Over 3 years	114,257.54	571.28	0.50
Total	<u>1,470,735.61</u>	<u>7,353.67</u>	<u>0.50</u>

(2) *Non-related party portfolio*

Age	Book balance	Closing balance	
		Provision for bad debts	Provision proportion (%)
Within 1 year	57,254,792.24	2,107,165.49	3.68
1-2 years	2,129,742.11	569,108.23	26.72
2-3 years	6,465,060.70	2,944,277.25	45.54
Over 3 years	4,170,623.32	2,879,092.62	69.03
Total	<u>70,020,218.37</u>	<u>8,499,643.59</u>	<u>12.14</u>

5. *Changes in provision for bad debts*

Categories	Opening balance	Accrual	Changes			Closing balance
			Recovery or reversal	Write-off	Others	
Receivable with provision made on an individual basis	46,384,236.00	849,888.56	255,327.48			46,978,797.08
Receivable with provision made on a collective basis	8,003,384.36	503,612.90				8,506,997.26
Including: Related party portfolio	7,205.24	148.43				7,353.67
Non-related party portfolio	7,996,179.12	503,464.47				8,499,643.59
Total	<u>54,387,620.36</u>	<u>1,353,501.46</u>	<u>255,327.48</u>			<u>55,485,794.34</u>

Including: The details of Recovery or reversal are as follows:

Debtors	Recovery or reversal amount	Recovery or reversal method
Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd	130,119.48	Liquidation of debts
Shaanxi Jiamao Pipe Industry Engineering Co., Ltd	50,000.00	Debts collection
Xinjiang Petroleum Engineering Construction Co., Ltd.	75,208.00	Debts collection
Total	<u>255,327.48</u>	

6. *No accounts receivable write-off in current period*

**7. Details of the top 5 debtors with largest balances**

<b>Debtors</b>	<b>Closing balance</b>	<b>Proportion to the total balance of accounts receivable (%)</b>	<b>Provision for bad debts</b>
Crrc Zhuzhou Locomotive Co., Ltd.	<b>16,274,418.03</b>	13.74	906,485.08
Liuzhou Locomotives Vehicle Factory	<b>7,173,430.60</b>	6.06	399,560.08
China United Network Communications Corporation Limited – Baotou Branch	<b>4,282,000.00</b>	3.61	238,507.40
Chengdu High-tech Pukang Hospital	<b>2,996,390.54</b>	2.53	737,921.51
Zhuzhou CRRC Times Electric Co., Ltd.	<b>2,761,166.18</b>	2.33	109,342.18
<b>Total</b>	<b><u>33,487,405.35</u></b>	<b><u>28.27</u></b>	<b><u>2,391,816.25</u></b>

**Note 3 Receivables financing**

<b>Items</b>	<b>Closing balance</b>	<b>Opening balance</b>
Bank acceptance	<b><u>80,904,604.71</u></b>	<u>42,524,298.26</u>
<b>Total</b>	<b><u>80,904,604.71</u></b>	<b><u>42,524,298.26</u></b>

(1) The company often endorses bank acceptances. Its business model is to collect cash flow from contract as well as sell the financial assets as the target, and it is listed as “receivables financing”. The final endorsement of bank acceptances before maturity is terminated.

(2) After evaluation, the Company believes that there is no significant credit risk in the bank acceptances held during the reporting period and no significant loss will occur due to the acceptor’s default.

**Note 4 Accounts payable**

**1. Details of accounts payable with age analysis method**

<b>Age</b>	<b>Closing balance</b>	<b>Opening balance</b>
Within 1 year	<b>19,634,066.38</b>	22,575,851.21
1-2 years		1,140,698.88
2-3 years	<b>1,008,087.88</b>	13,901.39
Over 3 years	<b>779,842.74</b>	813,107.27
<b>Total</b>	<b><u>21,421,997.00</u></b>	<b><u>24,543,558.75</u></b>

## 2. Details of accounts payable on categories

Items	Closing balance	Opening balance
Material purchase	21,387,557.00	24,366,948.53
Equipment and engineering fund	26,900.00	65,000.00
Payable operating expense	7,540.00	111,610.22
Total	21,421,997.00	24,543,558.75

## Note 5 Other comprehensive income (OCI)

Items	Opening balance	Closing balance	Current period cumulative before income tax	Less: OCI previously recognized but transferred to profit or loss in current period	Current period cumulative earnings in current period	Less: OCI previously recognized but transferred to retained earnings in current period	Less: hedging reserves transfer to assets or liabilities	Less: Income tax	Attributable to parent company	Attributable to non-controlling shareholders	Transfer to benefit plan of the set variation	Less: OCI previously recognized but transferred to retained earnings in current period	Closing balance
Items not to be reclassified													
subsequently to profit or loss	3,017,621.29	1,346,481.00						-532,521.40	1,879,002.40				4,896,623.69
Changes in fair value of other equity Instrument investments	3,017,621.29	1,346,481.00						-532,521.40	1,879,002.40				4,896,623.69
Items to be reclassified													
subsequently to profit or loss													
Total	3,017,621.29	1,346,481.00						-532,521.40	1,879,002.40				4,896,623.69

## Note 6 Operating income/Operating cost

### 1. Details of operating income and operating cost

Items	Current period cumulative		Preceding period cumulative	
	Income	Cost	Income	Cost
Main operations	259,072,812.60	251,162,000.19	202,431,850.74	208,070,924.72
Other operations	41,351,559.73	16,688,501.71	36,951,908.78	14,539,673.81
Total	300,424,372.33	267,850,501.90	239,383,759.52	222,610,598.53

## 2. Details of contract revenue

Categories	Copper cable and related products	Optical communication products	Cable conduct and related products	Total
(1) Product types				
Optical fiber products		152,903,714.20		152,903,714.20
Heat shrinkable sleeve			630,455.41	630,455.41
Track cable	40,734,458.30			40,734,458.30
5G mobile intelligent terminal trade	23,368,659.50			23,368,659.50
Sales of copper cables	35,964,916.99			35,964,916.99
Processing service	3,350,724.71			3,350,724.71
Processing service	39,315,641.70			39,315,641.70
Feeder line and component	2,050,104.33			2,050,104.33
Others	10,792,968.57		4,014,788.82	14,807,757.39
Subtotal	116,261,832.40	152,903,714.20	4,645,244.23	273,810,790.83
(2) Recognition time				
Transferred at a point in time	116,261,832.40	152,903,714.20	4,645,244.23	273,810,790.83
Total	<u>116,261,832.40</u>	<u>152,903,714.20</u>	<u>4,645,244.23</u>	<u>273,810,790.83</u>

Note: The difference between operating income and contract revenue is the income from leasing business

### Note 7 Tax and surcharge

Items	Current period cumulative	Preceding period cumulative
Land use tax	824,320.00	2,396,164.60
Housing property tax	696,218.95	3,570,391.47
Stamp duty	307,728.93	314,059.64
Urban maintenance and construction	93,857.79	60,018.46
Education surcharge	39,862.85	25,722.20
Resource tax	37,834.85	15,144.70
Local education surcharge	26,575.27	17,148.14
Vehicle and vessel use tax	6,279.20	5,718.50
Environment protection tax		5.75
Total	<u>2,032,677.84</u>	<u>6,404,373.46</u>

**Note 8 Marketing expenses**

<b>Items</b>	<b>Current period cumulative</b>	Preceding period cumulative
Staff salaries	<b>2,816,524.83</b>	2,310,475.25
Sales service fee	<b>669,066.19</b>	771,181.10
Operating expenses	<b>557,844.38</b>	1,236,928.42
Office and traveling expenses	<b>389,521.60</b>	145,252.54
Advertising promotion fee	<b>277,227.72</b>	27,812.87
Packaging fee		1,053,086.11
Shipping fee		2,059,006.06
Others	<b>314,991.21</b>	280,710.04
	<hr/>	<hr/>
Total	<b>5,025,175.93</b>	7,884,452.39
	<hr/> <hr/>	<hr/> <hr/>

**Note 9 Administration costs**

<b>Items</b>	<b>Current period cumulative</b>	Preceding period cumulative
Staff salaries	<b>69,413,279.64</b>	24,751,728.14
Depreciation and amortization	<b>7,181,080.05</b>	9,765,070.84
Agency fee	<b>1,788,453.95</b>	3,280,721.68
Repairs and maintenance	<b>1,545,878.61</b>	1,788,376.57
Office and traveling fee	<b>923,368.20</b>	967,339.82
Utility bills	<b>479,504.27</b>	866,056.95
Business hospitality	<b>399,913.79</b>	376,757.95
Disability Security	<b>348,867.07</b>	333,461.44
Shutdown loss	<b>12,354.84</b>	32,768.54
Others	<b>3,481,686.70</b>	3,217,344.46
	<hr/>	<hr/>
Total	<b>85,574,387.12</b>	45,379,626.39
	<hr/> <hr/>	<hr/> <hr/>

**Note 10 R&D costs**

<b>Items</b>	<b>Current period cumulative</b>	Preceding period cumulative
Staff salary	<b>7,338,748.41</b>	6,342,447.49
Depreciation of fixed assets	<b>2,926,930.37</b>	3,031,565.48
Materials	<b>459,726.21</b>	629,397.53
Others	<b>1,552,738.33</b>	1,145,050.80
	<hr/>	<hr/>
Total	<b>12,278,143.32</b>	11,148,461.30
	<hr/> <hr/>	<hr/> <hr/>

**Note 11 Financial costs**

<b>Items</b>	<b>Current period cumulative</b>	Preceding period cumulative
Interest expenditures	87,110.41	96,735.06
Less: Interest income	9,396,639.26	5,002,732.92
Gains & losses on foreign exchange	-511,335.84	-579,063.26
Bank charges	44,579.96	262,561.99
	<hr/>	<hr/>
Total	<b>-9,776,284.73</b>	<b>-5,222,499.13</b>
	<hr/> <hr/>	<hr/> <hr/>

**Note 12 Income tax expenses****1. Details**

<b>Items</b>	<b>Current period cumulative</b>	Preceding period cumulative
Current period income tax expense	-1,358,356.64	
Deferred income tax expense		
	<hr/>	<hr/>
Total	<b>-1,358,356.64</b>	
	<hr/> <hr/>	<hr/> <hr/>

**2. Reconciliation of accounting profit to income tax expenses**

<b>Items</b>	<b>Current period cumulative</b>
Profit before tax	-58,988,498.31
Income tax expenses based on legal tax rate	-8,848,274.75
Effect of different tax rate applicable to subsidiaries	-310,922.42
Effect of prior income tax reconciliation	-1,358,356.64
Effect of non-taxable income	2,163,374.77
Effect of non-deductible costs, expenses and losses	118,256.17
Utilization of deductible losses not previously recognized as deferred tax assets	-471,844.19
Effect of deducible temporary differences or deductible losses not recognized as deferred tax assets	7,085,431.94
Others	263,978.48
	<hr/>
Income tax expenses	<b>-1,358,356.64</b>
	<hr/> <hr/>

**Note 13 Assets with title or use right restrictions**

<b>Items</b>	<b>Closing carrying amount</b>	<b>Reasons for restrictions</b>
Cash and bank balance	<u>6,194,600.59</u>	Pledge and deposit
Total	<u><u>6,194,600.59</u></u>	

**VII. INTEREST IN OTHER ENTITIES**

**(I) Interest in subsidiaries**

**1. Composition of the company**

Subsidiaries	Main operating place	Registered address	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
Chengdu SEI Optical Fiber Co., Ltd	Chengdu	Chengdu	Manufacturing	60.00		Business combination not under common control
Chengdu Zhongling Wireless Communication Cable Co., Ltd	Chengdu	Chengdu	Manufacturing	100.00		Business combination not under common control
Chengdu PUTIAN New Material Co., Ltd	Chengdu	Chengdu	Manufacturing	100.00		Business combination not under common control

**2. Significant partially-owned subsidiaries**

Subsidiaries	Holding proportion of minority shareholders (%)	Profit or loss attributable to minority shareholders	Dividends declared to minority shareholders in this period	Closing balance of non-controlling interests	Notes
Chengdu SEI Optical Fiber Co., Ltd	40.00	-5,361,850.82		83,922,183.77	

### 3. Main financial information of significant partially-owned subsidiaries

The main financial information of these subsidiaries is the amount before each company offset each other, but the adjustment of fair value and unified accounting policy is made after the merger day. :

Item	Chengdu SEI Optical Fiber Co., Ltd	
	Closing balance	Opening balance
Current assets	177,534,318.16	175,176,450.34
Non-current assets	51,323,984.45	59,312,245.86
Total assets	228,858,302.61	234,488,696.20
Current liabilities	17,553,543.18	9,587,909.73
Non-current liabilities	1,499,300.00	1,690,700.00
Total liabilities	19,052,843.18	11,278,609.73
Operating income	152,903,714.20	157,540,589.52
Net profit	-13,404,627.04	-34,671,131.79
Total comprehensive income	-13,404,627.04	-34,671,131.79
Cash Flow of Operational Activities	50,410,175.31	-3,567,499.99

## (II) Interest in joint venture or associates

### 1. Significant joint ventures or associates

Joint ventures	Main operating place	Registered address	Business nature	Holding proportion (%)		Accounting treatment
				Direct	Indirect	
Chengdu Bada Connector Co., Ltd.	Chengdu	Chengdu	Manufacturing	49.00		Equity method
Chengdu Yuexin Telecommunications Materials Co., Ltd.	Chengdu	Chengdu	Manufacturing	35.00		Equity method
Putian Fasten Cable Telecommunication Co., Ltd.	Jiangyin	Jiangyin	Manufacturing	10.00		Equity method

**2. Main financial information of significant associates**

Item	Closing balance/Current period cumulative		
	Chengdu Bada Connector Co., Ltd.	Putian Fasten Cable Telecommunication Co., Ltd.	Chengdu Yuexin Telecommunications Materials Co., Ltd.
Current assets	84,383,733.99	1,419,298,252.30	2,850,446.27
Non-current assets	5,893,589.63	146,363,395.18	2,197,031.78
Total assets	90,277,323.62	1,565,661,647.48	5,047,478.05
Current liabilities	78,369,295.22	898,643,404.19	4,868,332.87
Non-current liabilities	1,050,783.64	271,672,374.07	
Total liabilities	79,420,078.86	1,170,315,778.26	4,868,332.87
Non-controlling interests	1,058,180.41		
Equity attributable to owners of parent company	9,799,064.35	395,345,869.22	179,145.18
Proportionate share in net assets	4,801,541.53	39,534,586.92	62,700.81
Adjustments			
– Goodwill		1,418,109.36	
– Unrealized profits from internal transactions			
– Other			109,955.56
Carrying amount of investments in associates	4,801,541.53	40,952,696.28	172,656.37
Fair value of equity investments in associates in association with quoted price			
Operating income	169,681,855.39	632,561,022.90	
Net profit	-810,315.57	-62,112,668.46	
Net profit of discontinued operations			
Other comprehensive income			
Total comprehensive income	-810,315.57	-62,112,668.46	
Dividend from associates received in current period			

Item	Opening balance/Last period cumulative		
	Chengdu Bada Connector Co., Ltd.	Putian Fasten Cable Telecommunication Co., Ltd.	Chengdu Yuexin Telecommunications Materials Co., Ltd.
Current assets	54,684,821.95	1,273,060,033.18	2,850,446.27
Non-current assets	6,235,641.36	192,221,477.99	2,197,031.78
Total assets	60,920,463.31	1,465,281,511.17	5,047,478.05
Current liabilities	48,617,402.18	713,672,771.50	4,868,332.87
Non-current liabilities	569,360.18	294,150,201.99	
Total liabilities	49,186,762.36	1,007,822,973.49	4,868,332.87
Non-controlling interests	1,022,089.43		
Equity attributable to owners of parent company	10,711,611.52	457,458,537.68	179,145.18
Proportionate share in net assets	5,248,689.64	102,928,170.98	62,700.81
Adjustments			
– Goodwill		3,190,746.07	
– Unrealized profits from internal transactions			
– Other	-0.03	231,757.60	109,955.56
Carrying amount of investments in associates	5,248,689.61	106,350,674.65	172,656.37
Fair value of equity investments in associates in association with quoted price			
Operating income	191,421,715.22	797,675,084.41	
Net profit	737,069.36	-55,634,873.29	
Net profit of discontinued operations			
Other comprehensive income			
Total comprehensive income	737,069.36	-55,634,873.29	
Dividend from associates received in current period			

## VIII. RELATED PARTIES AND RELATED PARTIES' TRANSACTION

### (I) Information of the parent company of the enterprise

Name of controlling shareholder	Registration place	Business nature	Registered capital (RMB ten thousand)	Percentage of shareholding in the company (%)	Percentage of voting right in this company (%)
Chengdu Siwi Electronic Co., Ltd	Chengdu	Professional Technique Services	40,000.00	60.00	60.00

The ultimate controlling party of the Company is China Electronics Technology Group Corporation.

(II) Subsidiaries of the Company: refer to the related content in the Section VII (I) Interests in subsidiaries for the details of the subsidiaries.

(III) The Company's Joint Ventures and Associated Enterprises

Refer to the related content in the Section VII (II) Significant joint ventures or associates for the details.

#### (IV) Other related parties

Other related parties	Relationship between the Company and related parties
Chengdu PUTIAN Telecommunications Cable Company Limited	Under common control
Chengdu Siwi Electronic Co., Ltd	Under common control
Nanjing Putian Telega Intelligent Building Ltd.	Under common control
Chengdu Branch of China Potevio Company Limited	Under common control
Zhuzhou PUTIAN Telecommunications Company Limited	Under common control
China Electronic Technology Group Corporation eighth Research Institute	Under common control
Sumitomo Electric Asia Ltd	Entity controlled by ultimate controller of shareholder holding more than 5% of the subsidiary's shares
Sumitomo Electric Industries (Shen Zhen) Ltd.	Entity controlled by ultimate controller of shareholder holding more than 5% of the subsidiary's shares
Sumitomo Electric Industries Ltd.	Shareholder holding more than 5% of the subsidiary's shares

#### (V) Related parties' transaction

- 1. The transactions between subsidiaries that have control relations and have been incorporated into the Company's consolidated financial statements and parent company have been offset.*
- 2. Purchase and sale of goods, rendering and receiving of services*

Related parties' transaction	Content of transaction	Current period cumulative	Preceding period comparative
Sumitomo Electric Industries (Shen Zhen) Ltd	Purchase of raw material	<b>48,293,266.08</b>	
Sumitomo Electric Asia Ltd	Purchase of raw material	<b>578,197.67</b>	87,715,456.55
Sumitomo Electric Industries Ltd	Receiving of service	<b>108,913.88</b>	78,366.96
Total		<b><u>48,980,377.63</u></b>	<b><u>87,793,823.51</u></b>

### 3. Sale of goods and rendering of services

<b>Related parties' transaction</b>	<b>Content of transaction</b>	<b>Current period cumulative</b>	<b>Preceding period comparative</b>
Chengdu Bada Connector Co., Ltd.	Sale of copper wire	<b>35,964,916.99</b>	
Chengdu Bada Connector Co., Ltd.	Sale of water and electricity	<b>563,734.88</b>	322,174.52
Chengdu Bada Connector Co., Ltd.	Provide processing services	<b>247,111.01</b>	584,780.13
China Electronic Technology Group Corporation eighth Research Institute	Sale of optical fiber	<b>1,079,469.73</b>	
China Potevio Company Limited	Sale of components		190,089.03
Total		<b><u>37,855,232.61</u></b>	<b><u>1,097,043.68</u></b>

### 4. Related party leases

*The Company as leaser*

<b>Lessees</b>	<b>Types of assets leased</b>	<b>Lease income for current period</b>	<b>Lease income for the preceding period</b>
Chengdu Bada Connector Co., Ltd.	leasing buildings	<b>846,414.19</b>	
Chengdu Siwi Electronic Co., Ltd	leasing buildings	<b>124,550.00</b>	
Total		<b><u>970,964.19</u></b>	<b><u>                    </u></b>

### 5. Related party guarantees

*The Company as guaranteed parties*

<b>Guarantors</b>	<b>Amount guaranteed</b>	<b>Commencement date</b>	<b>Maturity date</b>	<b>Whether the guarantee is mature</b>
China Potevio Company Limited	<u>5,123,460.47</u>	1997/2/21	2033/2/21	No
Total	<b><u>5,123,460.47</u></b>			

**6. Key management's emoluments**

Items	Current period cumulative	Preceding period comparative
Emoluments	154,166.79	150,000.12
Wage, bonus, allowance and subsidy	1,990,256.34	1,161,035.11
Payment of pension plan	226,730.88	12,798.24
Housing provident fund	96,468.00	70,112.40
Other interest	138,708.74	65,308.35
Total	<u>2,606,330.75</u>	<u>1,459,254.22</u>

**7. Directors' and supervisors' emoluments**

Items	Emoluments	Current period cumulative					Benefit in kind	Total
		Wage, bonus, allowance and subsidy	Housing provident fund plan	Payment of pension plan	Other social insurance premiums	Total		
<b>Executive directors:</b>								
Wu Changlin								
Hu Jiangbing	362,971.00	27,708.00	26,798.40	17,606.60			435,084.00	
Han Shu								
Wang Micheng								
Jiang Jianping (Note 1)								
Liu Yun								
Li Tao								
Li Jianyong								
Wu Xiaodong								
Zhu Rui								
Jin Tao								
<b>Independent non-executive directors:</b>								
Mao Yaping	29,166.69						29,166.69	
Fu Wenjie	20,833.35						20,833.35	
Xiao Xiaochuan	50,000.04						50,000.04	
Feng Gang	45,833.37						45,833.37	
Zhong Qishui	8,333.34						8,333.34	
<b>Supervisors:</b>								
Xiong Ting	308,941.50	9,600.00	35,414.40	19,341.87			373,297.77	
Liu Jun	187,592.01	9,600.00	31,612.80	17,812.20			246,617.01	
Wang Cheng								
Total	<u>154,166.79</u>	<u>859,504.51</u>	<u>46,908.00</u>	<u>93,825.60</u>	<u>54,760.67</u>		<u>1,209,165.57</u>	

Items	Emoluments	Current period cumulative				Benefit in kind	Total
		Wage, bonus, allowance	Housing provident fund plan	Payment of pension plan	Other social insurance		
<b>Executive directors:</b>							
Wu Changlin							
Hu Jiangbing		297,182.67	31,712.40	2,679.84	14,463.06		346,037.97
Han Shu							
Wang Micheng							
Jiang Jianping (Note I)							
Liu Yun							
<b>Independent non- executive directors</b>							
Mao Yaping	50,000.04						50,000.04
Xiao Xiaochuan	50,000.04						50,000.04
Feng Gang	50,000.04						50,000.04
<b>Supervisors:</b>							
Lv Dong							
Zheng Zhili							
Xiong Ting		221,344.59	9,600.00	2,770.72	13,793.13		247,508.44
Liu Jun		197,582.24	9,600.00	1,806.24	9,465.90		218,454.38
Total	150,000.12	716,109.50	50,912.40	7,256.80	37,722.09		962,000.91

#### 8. Five highest-paid employees

The five employees whose emoluments were the highest for the year include 1 (1 in 2020) directors whose emoluments are reflected in the section VIII (V)7. Directors' and supervisors' emoluments of Notes to the Financial Statements. The total emoluments payable to the remaining 4 (4 in 2020) non-director employees during the year are as follows:

Items	Current period cumulative	Preceding period comparative
Salaries, bonuses, allowances and subsidies	1,220,783.33	1,213,918.72
Payment of pension	141,492.48	13,187.04
Housing provident fund plan	38,400.00	70,112.40
Other social insurance	77,359.50	67,370.09
Total	1,478,035.31	1,364,588.25

**9. The ranges of emoluments payable to 4 (4 in 2020) non-director employees during the year are as follows:**

Items	Number of individuals	Number of individuals
HK\$ nil – HK\$1,000,000	4	4

**10. Balance due to or from related parties**

*(1) Balance due from related parties*

Items	Related parties	Closing balance		Beginning balance	
		Book value	Bad debt allowance	Book value	Bad debt allowance
Accounts receivable		<b>2,681,973.00</b>	<b>1,375,753.11</b>	1,774,133.39	340,289.44
	China Potevio Company Limited	<b>1,335,163.14</b>	<b>878,400.29</b>	1,441,049.20	7,205.25
	China Electronic Technology Group Corporation eighth Research Institute	<b>591,952.80</b>	<b>2,959.76</b>		
	Chengdu Branch of China Potevio Company Limited	<b>304,891.23</b>	<b>304,891.23</b>	304,891.23	304,891.23
	Chengdu Bada Connector Co., Ltd.	<b>217,955.79</b>	<b>1,089.78</b>		
	Zhuzhou Putian Telecommunications Company Limited	<b>160,000.00</b>	<b>160,000.00</b>		
	Chengdu Siwi Electronic Co., Ltd	<b>33,761.00</b>	<b>168.81</b>		
	Nanjing Putian Telega Intelligent Building Ltd.	<b>28,192.96</b>	<b>28,192.96</b>	28,192.96	28,192.96
	Chengdu Yuexin Telecommunications Materials Co., Ltd.	<b>10,056.08</b>	<b>50.28</b>		
Advance payment		<b>475,445.72</b>		214,899.23	
	Sumitomo Electric Asia Ltd	<b>475,445.72</b>		214,899.23	
Other receivables		<b>1,807,995.98</b>	<b>9,039.98</b>	1,754,529.79	8,772.65
	China Potevio Company Limited	<b>1,786,828.82</b>	<b>8,934.14</b>	1,680,942.76	8,404.71
	Chengdu Yuexin Telecommunications Materials Co., Ltd.	<b>21,167.16</b>	<b>105.84</b>	30,143.24	150.72
	Chengdu Bada Connector Co., Ltd.			43,443.79	217.22
		<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

(2) *Balance due to related parties*

<b>Items</b>	<b>Related parties</b>	<b>Closing balance</b>	<b>Beginning balance</b>
Account payable		<b>10,838,692.08</b>	8,225,354.07
	Sumitomo Electric Industries (Shen Zhen) Ltd	<b>9,844,638.23</b>	
	Chengdu Yuexin Telecommunications Materials Co., Ltd.	<b>993,304.33</b>	993,304.33
	Chengdu Bada Connector Co., Ltd.	<b>749.52</b>	5,639,495.61
	Sumitomo Electric Asia Ltd		1,592,554.13
Other payables		<b>1,643,805.04</b>	1,630,674.09
	China Potevio Company Limited	<b>1,440,800.00</b>	1,440,800.00
	Chengdu Yuexin Telecommunications Materials Co., Ltd.	<b>80,000.00</b>	100,000.00
	Chengdu Bada Connector Co., Ltd.	<b>63,716.00</b>	58,716.00
	Sumitomo Electric Asia Ltd	<b>59,289.04</b>	31,158.09
Contract liabilities			5,550.00
	Chengdu Bada Connector Co., Ltd.		5,550.00
		<b>_____</b>	<b>_____</b>

**IX. Events after the balance sheet date**

By the end of the approval of the financial statements date, the Company has no other significant subsequent events to disclose.

## X. OTHER SIGNIFICANTS EVENTS

### (I) Correction of early accounting errors

#### The content of the correction of accounting errors

The company lost part of its land-use rights by implementing the national housing reform policy. And the certificate of title of these lands was applied by employees themselves, resulting in the company losing control over some land. This part of the land no longer brings economic benefits to the company, and the company's right to use the land should no longer be recognized as an intangible asset of the company. Since this company lost the land-use right over the previous years, the company retroactively adjusted the previous financial data.

The Company implemented CASBE 14-Revenue on January 1, 2018, and the previous cable assembly trading business was based on a business contract, in which the revenue was recognized under the gross price method. According to Guidelines for the application of regulatory rules – Accounting No.1 [1-15] issued by the SFC on 13 November 2020-Revenue is recognized by gross or net. After multiple demonstrations and communication with the annual report auditor, based on prudent considerations, our corporate believes that it is more reasonable for the cable assembly trade business to recognize revenue according to the net method, so the company changed the cable assembly trade business to the net method in 2021, and at the same time retrospectively adjusted the financial data for 2018, 2019 and 2020.

#### Treatment

After the deliberation and approval of the fourth session of the company's tenth board of directors, the accounting error was corrected using the retrospective restatement method.

The affected items and amounts in 2020 during the different accounting standards are as follows:

<b>The name of these items in 2020</b>	<b>Before Change</b>	<b>Number of adjustments</b>	<b>After Change</b>
Intangible Asset	42,352,983.54	-8,853,368.15	33,499,615.39
Undistributed profit	-236,378,761.97	-8,853,368.15	-245,232,130.12
Operating Revenue	417,285,973.17	-177,902,213.65	239,383,759.52
Cost	400,512,812.18	-177,902,213.65	222,610,598.53
administration expenses	45,751,374.76	-371,748.37	45,379,626.39
Net Profit	-57,060,159.99	371,748.37	-56,688,411.62

## **(II) Segment information**

### **1. The basis for the determination of the segment report and the accounting policy**

Our corporate is based on internal organizational structure, management requirements, and internal reporting system as the basis for determining the operating segment. The business branch of the Company refers to a component that meets the following conditions at the same time:

- (1) This component can generate income and cost in daily activities;
- (2) The management can regularly evaluate the operating results of the component in order to determine the allocation of resources to it and evaluate its performance;
- (3) The accounting information, such as the financial situation, the operating results and the cash flow of the component, can be obtained.

the Company determines the segment report on the basis of the operating segments, and the operating segments, which meets the following conditions, is determined to be a segment report:

- (1) The operating segments accounts for 10% or more of the total income of the division.
- (2) The absolute profit of the segment profit of the segment accounts for 10% or more of the total amount of the total profits of all profit segments or the total amount of all deficit segment losses.

Determined according to the above accounting policy report segment operating division of foreign trade total revenue accounted for the proportion of the total income of the merger does not reach 75%, increase the number of segment reporting, according to the following provisions will not report as Division operating segments into reportable range, until the proportion reached 75% :

- (1) The management department considers that the management division that discloses the management branch information to the users of the accounting information is determined to be the reporting branch;
- (2) Merge the business segment with one or more other business segments which have similar economic characteristics and meet the merger conditions of business segments as a reporting segment.

Interdivisional transfer price is determined by market price, and the assets and related expenses shared by different branches are distributed among different segments according to the proportion of income.

### **2. The factors for segments' classification and the types of products and services of a segment**

Each segment is a business unit that provides different products and services. Because various business needs different technology and market strategy, the Company independently manages the production and operation activities of each report branch, evaluates its operation result separately, decides to allocate resources to it, evaluates its performance.

The company has three reporting divisions: Copper cables and related products, optical communication products, wire casings and related products.

### 3. Reporting segment

Items	Closing balance/Current period amount				Total
	Copper cables and related products	Optical communication products	Wire casings and related products	Elimination	
1. Operating Revenue	199,871,188.43	152,903,714.20	14,139,749.00	-66,490,279.30	300,424,372.33
Including: External transaction revenue	133,380,909.13	152,903,714.20	14,139,749.00		300,424,372.33
Revenue between segments	66,490,279.30			-66,490,279.30	
2. Operating Cost	250,892,181.07	166,274,043.49	12,308,656.12	-66,490,279.30	362,984,601.38
Including: Depreciation and Amortization	10,774,850.75	8,190,837.31	3,985,229.41		22,950,917.47
3. Investments income in associates and joint ventures	-14,422,498.48				-14,422,498.48
4. Credit loss	-1,728,524.11	25,364.32	-159,853.36	12,780.26	-1,850,232.89
5. Asset impairment loss	-4,259,467.65	-281,437.28			-4,540,904.93
6. Total profits	-49,019,347.93	-13,404,627.04	5,195,333.11	-1,759,856.45	-58,988,498.31
7. Cost of income tax	-1,358,356.64				-1,358,356.64
8. Net profit	-47,660,991.29	-13,404,627.04	5,195,333.11	-1,759,856.45	-57,630,141.67
9. Total asset	912,170,166.95	228,858,302.61	84,076,308.81	-220,550,670.09	1,004,554,108.28
10. Total liabilities	134,556,165.22	19,052,843.18	55,598,231.55	-43,458,563.83	165,748,676.12
11. Other important noncash items	897,262.88	30,831.00	11,493.00		939,586.88

### (III) Leases

The Company is a lessor

#### 1. Operating lease

##### (1) lease income

Items	Current period cumulative	Preceding period comparative
Lease income	26,613,581.50	24,255,709.18
Including: Income relating to variable lease payments not included in the measurement of the lease liability		

(2) *Undiscounted lease payments to be received arising from non-cancellable leases based on the lease contract signed with lessee*

Remaining years	Closing balance	Opening balance
Within 1 year	<b>16,931,714.69</b>	16,128,757.49
1-2years	<b>7,630,110.70</b>	10,632,834.97
2-3years	<b>5,135,520.00</b>	6,646,161.52
Over 3 years	<b>3,573,409.74</b>	7,580,552.17
Total	<b><u>33,270,755.13</u></b>	<b><u>40,988,306.15</u></b>

## 2. *Other information*

Categories of underlying assets	Amount	Lease term	Whether the lease contains renewal option or not
Plants; offices	107,065.24 m <sup>2</sup>	From 1/1/2021 to 30/4/2027	Yes

## XI. OTHER SUPPLEMENTARY INFORMATION

### (I) **Non-recurring profit or loss in current period**

Item	Amount	Remark
Gains on disposal of non-current assets	16,573,853.29	
Government grants included in profit or loss (excluding those closely related to operating activities of the Company, satisfying government policies and regulations, and continuously enjoyed with certain quantity/quota based on certain standards)	8,208,526.16	
The reversed provision for impairment of receivables based on impairment testing on an individual basis	255,327.48	
Other non-operating revenue or expenditures	-348,908.65	
Other profit or loss satisfying the definition of non-recurring profit or loss	-39,940,216.23	Property tax and urban land use tax reduction and reducing
Less: Business income tax effects		
Non-controlling interest affected (after tax)	<u>87,217.73</u>	
Total	<b><u>-15,338,635.68</u></b>	

## (II) RONA and EPS

### 1. Details

Profit of the reporting period	Weighted average RONA (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of ordinary shares	-6.70	-0.13	-0.13
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	-4.73	-0.09	-0.09

### 2. Calculation process of weighted average RONA

Item	Current period	
	Symbol	cumulative
Net profit attributable to shareholders of ordinary shares	A	-52,268,290.85
Non-recurring profit or loss	B	-15,338,635.68
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	-36,929,655.17
Opening balance of net assets attributable to shareholders of ordinary shares	D	805,272,536.86
Net assets attributable to shareholders of ordinary shares increased due to offering of new shares or conversion of debts into shares	E	
Number of months counting from the next month when the net assets were increased to the end of the reporting period	F	
Net assets attributable to shareholders of ordinary shares decreased due to share repurchase or cash dividends appropriation	G	
Number of months counting from the next month when the net assets were decreased to the end of the reporting period	H	
Others: Increase in net assets caused by changes in fair value of other equity instruments	I	1,879,002.40
Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	J	6.00
Number of months in the reporting period	K	12.00
Weighted average net assets	$L=D+A/2+E \times F/$ $K-G \times H/K \pm I \times J/K$	780,077,892.64
Weighted average RONA	$M=A/L$	-6.70%
Weighted average RONA after deducting non-recurring profit or loss	$N=C/L$	-4.73%

### 3. Calculation process of basic EPS and diluted EPS

#### (1) Calculation process of basic EPS

Item	Symbol	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	-52,268,290.85
Non-recurring profit or loss	B	-15,338,635.68
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	-36,929,655.17
Opening balance of total shares	D	400,000,000.00
Number of shares increased due to conversion of reserve to share capital or share dividend appropriation	E	
Number of shares increased due to offering of new shares or conversion of debts into shares	F	
Number of months counting from the next month when the share was increased to the end of the reporting period	G	
Number of shares decreased due to share repurchase	H	
Number of months counting from the next month when the share was decreased to the end of the reporting period	I	
Number of shares decreased in the reporting period	J	
Number of months in the reporting period	K	12.00
Weighted average of outstanding ordinary shares	L=D+E+F×G/ K-H×I/K-J	400,000,000.00
Basic EPS	M=A/L	-0.13
Basic EPS after deducting non-recurring profit or loss	N=C/L	-0.09

#### (2) Calculation process of diluted EPS

The process of calculating the diluted earnings per share is same as the calculation of the basic earnings per share.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### I. Information about principal business

##### *Optical fibers business*

During the Year, against the backdrop of the substantial increase in bulk commodities prices, the Company actively communicated and negotiated with its raw material suppliers to fight for price reduction of its main raw materials, thereby effectively controlling the price increase of certain raw materials. At the same time, by focusing on the specialized production of optical fibers, seizing the opportunities arising from the recovery of the optical fiber market, adopting a sales model with ordinary and special product mix, expanding the sales of high-quality and high-margin optical fiber products, and raising the average selling price of optical fiber products, the Company managed to record an overall profit and narrowed down its full-year loss in the fourth quarter.

##### *Cables for rail transportation business*

Affected by the continuous rise in the prices of raw materials, especially copper, one of the Company's main raw materials, the Company's production cost increased during the Year. On the one hand, the Company established a "copper locking" mechanism and a raw material price negotiation mechanism to avoid the impairment of pending contracts. On the other hand, the Company adopted various measures including product miniaturization, conductor optimization and supply-side substitution to achieve production cost optimization. Meanwhile, the Company has also strengthened its refined management, passed the CRCC certification renewal audit and IRIS certificate renewal audit, promoted the research and development of thin-walled cable projects according to its project plan, increased product development and market expansion of new energy cables and nuclear energy cables, and continued to produce lightweight, ultra-flexible and environmentally friendly cables for rail transportation.

##### *Radiation processing business*

During the Year, due to the surge in the prices of raw materials, the production scale of various production enterprises has been reduced, resulting in a decrease in the business volume of the Company's radiation processing business. The Company actively carried out technical cooperation with its customers and encouraged its customers to adopt the production process of irradiation cross-linking, thereby increasing the processing volume from the source. In addition, the Company has focused on maintaining its market position, and improved its after-sales services such as transportation, product testing and material performance testing to establish a good market image and strive for stable increase in its turnover.

### ***Park operations business***

To ensure the normal operation of parks, the Company continued to adopt COVID-19 prevention and control measures in accordance with requirements for normalization of epidemic prevention and control. The Company has also continued to enhance its service quality, build parks with special features, and expand value-added services within parks to realize value-added revenue. During the Year, the Company recorded a significant growth in the profit from this business segment.

## **II. Work progress**

In the face of long-term losses in its principal business, weak industrial competitiveness and poor basic management capabilities, the Company firmly adhered to party organization in terms of equity disposal, cost management, “Two Funds” management and control, asset disposal, principal business optimization and management improvement. By taking corresponding measures, certain results have been achieved.

### ***Party construction***

Giving full play to the role of the Party committee in “Directing, Overseeing the Overall Situation and Ensuring the Implementation”, the Company held 15 meetings of the Party committee to consider and discuss in advance 12 “Three Key and One Major” matters of the Company. To implement the “First Proposal”, the Company organized 7 central study groups (with adjourned meetings) for the Party committee to conduct special study discussions. The Company also organized the 2020 branch secretary debriefing meeting to clarify the work ideas for 2021, and held the annual democratic life meeting, branch organizational life meeting and democratic appraisal of party members for the Company’s party committee members and members of the leadership team.

The Company organized party history quizzes and party history seminars and watched the July 1st Celebration with the party members and cadres. Capitalizing on its “red resources” for party history education, the Company arranged all-round study and education activities through certain platforms such as xuexi.cn and WeChat official account. During the Year, 3 new party members were recruited, and the annual development plan was completed. The Group donated poverty alleviation funds and earthquake relief materials to Darlag County, Qinghai, fulfilling the social responsibilities of state-owned enterprises.

To assume the Company’s main responsibilities and adhere to the principle of “One Post with Two Responsibilities”, the Company has provided reminders and conducted inspections on integrity during major holidays. The Company has also organized and carried out special self-examination according to eight central regulations, sorted out the problems and formulated rectification measures.

### ***Equity disposal***

In December 2020, the Company transferred 12.5% equity interest of Putian Fasten Cable Telecommunication Co., Ltd. to Jiangsu Fasten Optics Telecommunication Technology Limited (the “Transferee”) according to its business development needs. In 2020, the Company received 30% of the equity transfer payment. The Company received a total of approximately RMB16 million through debt collection process during the Year. For the outstanding receivables, the Company further strengthened its negotiation and collection efforts, issued a collection letter to the Transferee in January 2022, and prepared for filing a lawsuit.

### ***Cost management***

During the Year, in order to address the problems of inadequate cost control and low operational efficiency, the Company strengthened its lean management and gradually focused on cost accounting and performance appraisal in terms of business units, products/product lines and projects. As of the end of 2021, the consolidated gross profit margin of the Company was approximately 10.84%, representing a year-on-year increase of approximately 3.84%.

### ***“Two Funds” management***

Since its establishment, many long-term accounts receivables remained outstanding. Meanwhile, slow-moving inventories of the Company have not been fully cleaned up and written off. During the Year, the Company established a “Two Funds” settlement team to carry out a comprehensive clean-up of current accounts and inventories. Upon cleaning up, the current accounts that have been revoked, cancelled or inaccessible for more than 1 year are being written off according to the relevant procedures. The inventories with no value in use for more than 1 year will be accounted as retired according to the relevant procedures. As of December 2021, the inventories with same caliber value decreased by approximately RMB13.82 million year-on-year.

### ***Asset disposal***

During the Year, the Company strengthened its asset management and formulated an asset disposal plan to avoid asset loss risk accumulation. In 2021, the Company completed the evaluation of idle equipment in 105 plants; invited bids, compared prices, disposed of 174 idle equipment in the original electronic wire manufacturing plant, and completed the relevant accounting procedures; and carried out a stocktaking for the assets of the Company, its subsidiaries and associates. As a result, the Company completed the stocktaking for a total of 1,703 fixed assets, 7 constructions in progress and 6 intangible assets.

### ***Principal business optimization***

As the optical fiber business only offers a single product with a small scale, it lacks of support from upstream and downstream industries, resulting in low market competitiveness and continuous losses. The Company has conducted several rounds of negotiations with its Japanese partner to include a guaranteed supply of raw materials as a prerequisite for the renewal of the joint venture and other joint venture conditions, so as to strive for a business turnaround for its optical fiber business.

Since the cables for rail transportation business only offers a single product with low competitiveness, this business segment has been loss-making for many years without the ability to continue as a going concern. During the Year, the Company demonstrated the feasibility of expanding the locomotive cable business to the motor train and high-speed railway cable markets from the perspectives of cost control, technology development and market development, and at the same time analyzed the possibility of expanding into the fields of tunnel cables and marine cables. The development of cables for rail transportation business will be determined according to such analysis and demonstration results.

In view of the poor performance of the Company's existing principal businesses and weak market competitiveness, it is urgent for the Company to introduce new business suitable for its development. During the Year, the Company commenced the system-level cable assembly business for military electronic equipment and established a special department to be responsible for this business. Currently, the formulation of implementation plan for the national military standard quality system certification has been accelerated. The Company has also carried out the recruitment and training of business personnel, site decoration, safety assessment and environmental assessment and actively promoted the trial production work.

### ***Management improvement***

Given the redundant management levels, low efficiency and imperfect management system, which were mismatched with the actual production and operation activities, the Company improved the management ability, optimized the management structure and developed and implemented the organizational structure adjustment plan in accordance with the guidelines from the operating headquarters through optimization of the organizational structure and the construction of systems and processes during the Year. Optimization of management system included adding 2 management systems and improving 7 management systems. Based on the management requirements of the "five items", the Company has provided training for and promoted standing book management for "five items". To achieve better vehicle standing book management, the Company also standardized vehicle management on the basis of offering official vehicles and business vehicles.

## ***Risk management***

To further enhance the awareness of risk prevention and continue to improve the internal control system, the Company was committed to risk-event reporting, and reported major operating risk events and other risk events of more than RMB1 million and its progress in handling such events to the group company on a regular basis. During the Year, the Company arranged all-level risk assessment and internal control self-assessment, identified 31 risk items, and determined the top 5 key management and control risks in 2022.

## **FINANCIAL ANALYSIS**

### **Turnover**

During the Year, the turnover of the Group amounted to RMB300,424,372.33, representing an increase of 25.5% as compared with RMB239,383,759.52 for the year ended 31 December 2020 (the “**Previous Year**”). The increase in turnover was due to the increase in the business volume of copper wire processing and outsourcing during the Year.

During the Year, the turnover of the Company was RMB151,387,238.69, representing an increase of 84.71% as compared to the corresponding period of the Previous Year. Chengdu SEI Optical Fiber Co., Ltd., a company in which the Company owns 60% equity interest, recorded a turnover of RMB152,903,714.2, representing a decrease of 2.94% as compared to the Previous Year. Chengdu Zhongling Radio Communications Co., Ltd., an indirect wholly-owned subsidiary of the Company, recorded a turnover of RMB48,483,949.74, representing an increase of 76.21% as compared to the Previous Year.

### **Net loss attributable to equity holders of the Company for the Year**

The net loss attributable to equity holders of the Company for the Year amounted to RMB52,268,290.85, while a net loss attributable to equity holders of the Company of RMB42,819,958.9 was recorded for the Previous Year.

### **Asset Structure Analysis**

The Group’s total assets decreased by 4.43% from RMB1,051,136,600.08 as at 31 December 2020 to RMB1,004,554,108.28 as at 31 December 2021, of which total current assets amounted to RMB713,915,618.95, accounting for 71.07% of the total assets and representing a decrease of 2.40% as compared with RMB731,485,904.53 as at 31 December 2020. Property, plant and equipment amounted to RMB205,528,990.69, accounting for 20.46% of the total assets and representing a decrease of 21.69% as compared with RMB227,955,580.24 as at 31 December 2020.

As at 31 December 2021, the Group’s bank deposits and cash totaled RMB478,366,924.31, representing an increase of 12.61% as compared with RMB424,800,107.42 as at 31 December 2020.

## **Debt Structure Analysis**

As at 31 December 2021, the Group's total liabilities amounted to RMB165,748,676.12, representing an increase of 5.86% as compared with RMB156,580,028.65 as at 31 December 2020, of which the current liabilities amounted to RMB70,080,475.44, accounting for 42.28% of the total liabilities and representing a decrease of 26.85% as compared with RMB95,802,180.91 as at 31 December 2020; non-current liabilities were RMB 95,668,200.68, accounting for 57.72% of the total liabilities and representing a decrease of 57.41% as compared with RMB60,777,847.74 as at 31 December 2020.

## **Non-current Liabilities or Loans**

As at 31 December 2021, the outstanding amount of the Group's long-term loan incurred as a result of the purchase of a French accelerator (inclusive of loans due within one year) was RMB5,123,460.47 (equivalent to EUR709,700). The loan is a French government loan at an interest rate of 0.5% per annum. The loan denominated in Euro is subject to exchange rate risks resulting from fluctuations of the exchange rate in the international foreign exchange market. This long-term loan is an instalment loan in respect of which the maximum repayment period is thirty-six years. As the outstanding amount of the long-term loan is relatively small, there is no material impact on the operations of the Group.

## **Gearing Ratio**

As at 31 December 2021, the Group's gearing ratio (total liabilities divided by total assets) was 16.5%, representing an increase of 1.6 percentage points as compared with the gearing ratio of 14.9% as at 31 December 2020. The Group's gearing ratio is currently at a reasonable level and the long-term repayment risk is within manageable limits.

## **Operating expenses**

During the Year, the Group's selling expenses, administration expenses, research and development expenses and finance expenses amounted to RMB5,025,175.93, RMB85,574,387.12, RMB12,278,143.32 and RMB-9,776,284.73, representing a decrease of 36.26%, an increase of 88.57%, an increase of 10.13% and a decrease of RMB4,553,785.60 respectively as compared with RMB7,884,452.39, RMB45,379,626.39, RMB11,148,461.3 and RMB-5,222,499.13 respectively in the Previous Year.

## **Analysis of Financial Resources**

As at 31 December 2021, the Group's bank and other short-term loans (inclusive of loans due within one year) were RMB5,123,460.47, representing a decrease of 24.06% as compared with RMB6,176,328.82 as at 31 December 2020. As the Group had comparatively sufficient bank deposits and cash of RMB478,366,924.31, the Group does not have short-term insolvency risk.

During the Year, the Group did not conduct other capital raising activities.

## **Analysis of Capital Liquidity**

As at 31 December 2021, the Group's account receivables and bill receivables amounted to RMB62,983,956.72 and RMB1,310,722.32 respectively, representing an increase of 5.16% and a decrease of 96.47% respectively as compared with RMB59,894,569.81 and RMB37,152,364.95 respectively as at 31 December 2020.

As at 31 December 2021, the Group's current assets amounted to RMB713,915,618.95 (as at 31 December 2020: RMB731,485,904.53), current liabilities were RMB70,080,475.44 (as at 31 December 2020: RMB95,802,180.91), the annual receivables turnover period was 140 days and the annual inventory turnover period was 95 days. The above data indicates that the Company has strong solvency but its liquidity ability and management are yet to be improved.

## **Capital Structure of the Group**

The Group's capital is derived from its profit, proceeds raised, bank and other loans and proceeds from the disposal of the land use rights of the old site of the Company. The use of raised proceeds has strictly complied with the relevant legal requirements. In addition, in order to ensure the proper utilization of capital, the Group has strengthened its existing financial management system. The Group has also paid attention to avoiding high risks and to improving its return on investments. During the Year, debts and obligations were repaid and performed when due in accordance with the relevant contractual terms.

## **Liquidity and Source of Funds**

During the Year, the Group's net cash flow from operating activities amounted to RMB48,479,550.49, representing an increase of RMB54,249,616.21 as compared with RMB-5,770,065.72 in the Previous Year.

During the Year, the Group spent RMB939,586.88, representing a decrease of RMB2,261,102.51 as compared with RMB3,200,689.39 in the Previous Year, for the purchase of property, plant and equipment and expenses on the construction in progress.

As at 31 December 2021, the Group's liabilities and shareholders' equity amounted to RMB838,805,432.16 (as at 31 December 2020: RMB894,556,571.43). The Group's interest expenses amounted to RMB87,110.41 for the Year (for Previous Year: RMB96,735.06).

## **Contingent Liabilities**

As at 31 December 2021, the Group did not have any contingent liabilities (as at 31 December 2020: Nil).

## **BUSINESS OUTLOOK**

In line with the “three major positions” and “four major sectors” of China Electronics Technology Group Corporation Limited (中國電子科技集團有限公司) (“China Electronics Technology”), and focusing on the goals and requirements of “the main base for industrial development, the main force for asset value preservation and appreciation, the main channel for external financing, and the main platform for system and mechanism innovation”, the Company will confirm its positioning, determine its development direction, deepen its internal reform and mechanism innovation, tighten its risk management and control loopholes through detailed assessment, make up for management shortcomings, optimize the industry, build core competitiveness and thus achieve high-quality development.

### **Party construction**

In accordance with the guidelines of the Sixth Plenary Session of the 19th Central Committee of the Communist Party of China, the Company will enhance the cohesiveness and promote unity of all employees, and strive for high-quality development of the Company with high-quality party construction. According to the deployment of the higher-level party committee, the Company will undergo an organizational structure adjustment, including a new party organization, trade union, the Communist Youth League organization and function adjustment. Based on its actual situation, the Company will improve the united front work mechanism, gather the strength of the united front personnel and jointly promote the high-quality development of the Company. According to the adjustment of its organizational structure, the Company will further improve the “single responsible individual” mechanism of branch secretaries and principals in charge, and promote the deep integration of party construction work and business work. By providing guidance for all branches to take the demonstrative party branch as the benchmark, the Company is committed to create an innovative party building brand and give full play to the branches’ ability in the integration of party construction work and business work. According to the deployment of the higher-level party committee, the Company will also organize education activities in respect of the spirit of the 20th National Congress of the Communist Party of China.

## **MANAGEMENT IMPROVEMENT**

### **Construction of risk prevention and control system**

The Company is committed to optimize its management systems and processes, tighten management loopholes in a timely manner, and improve its internal control and management. By fully considering the internal and external business environment and actual management situation, as well as the overall design of the general goal, implementation path and phased tasks of the system construction, the Company will establish a comprehensive risk management system covering all industrial sectors and business fields, improve its system and procedures, and strengthen its risk assessment and response. As such, the Company will improve its risk management system and mechanism step-by-step, laying a solid foundation for all departments to promote comprehensive risk management work in an orderly and efficient manner, ensure correct development and smooth implementation of strategic goals, improve and enhance business performance, and strengthen its ability to deal with major emergencies.

## **Risk prevention and control**

The Company will clarify its business segment and disaggregate its “non-core and no advantage business” and “low efficiency and non-performing assets”. The Company will also establish rules and regulations, and strive for asset management, compliance and risk management. The Company will continue to complete the cleaning-up and collection of current accounts, conduct technical appraisal of inventories and fixed assets that have accounts but no items, damaged and idle, and account as asset retirement. In response to the problems exposed in the stocktaking, the Company will refine its rules and regulations in terms of finance, asset and investment aspects.

## **Organizational adjustment**

In view of the hollowing out of the Company’s business, mismatch of departmental duties and business processes, unclear management responsibilities, low efficiency and low level of specialization, the Company will adjust its organizational structure by implementing centralized management, optimizing management bodies, reducing management levels and improving efficiency according to the guidelines from the operating headquarters.

## **Talent pool building**

By building a management system for talent introduction, training, appraisal and incentives that matches the Company’s business development, and stepping up the construction of three teams, including R&D, management and technical teams, the Company aims at laying a foundation for future high-quality development of talents. The Company will also confirm its human resources status, including personnel status, development paths, remuneration and performance management. In line with the Company’s organizational adjustments, certain key positions will be open for application. According to the Company’s business development, it will address personnel issues of its new businesses through recruitment or labor dispatch. The Company will adjust or design a new remuneration system and performance management system to attract top talents, and recruit talents through other channels, mergers and acquisitions of companies or introduction of established teams, so as to rapidly enhance its technological innovation capabilities.

## **Corporate culture integration**

The Company will confirm its general idea of corporate culture construction, determine the direction of cultural integration and construction, identify sound working methods and means, and create a good atmosphere for deep integration. In addition, the Company will secure the communication channels of corporate culture exchange, and reach consensus on reform and development ideas. The Company will inform its employees about important matters in a timely manner, listen to their opinions on important issues, and communicate and care about key staff and key personnel. In addition to maintaining the benefits of employees, the Company will improve the benefits for employees. Through updating its cultural system, shaping a common value, and integrating the concept identification system and core values of the enterprise, the Company is committed to integrate its development strategies with the corporate missions and visions of China Electronics Technology. With internal and external promotion and guidance, the Company aims at reconstructing a unified brand recognition, and realizes the integration of external brand image and internal employee identity. The Company will also establish a coordinated management system, realize the integration of management system and behavioral norms, and stay on the right track of rational decision-making, systematic management and standardized operation.

## **Business development**

On the basis of the Company's business planning demonstration and preparation, as well as comprehensive analysis and judgment of the internal and external situations faced by the Company, the Company will determine its business development direction, goals and conditions according to the "14th Five-Year Plan", and confirm the direction and goals for loss management and industrial optimization. The Company will also speed up its capacity building and application process for supplier qualification, strive to form high and low frequency cable component assembly business capabilities as soon as possible, actively shift from cable assembly OEM business to component and product delivery business.

## **Park operations**

The Company will standardize the management and investment of fixed assets, improve the management system, standardize park operations, and establish a general account for its assets (including lands, houses, equipment and other fixed assets). By carrying out an evaluation for the leasing of expired properties in the first half of 2023, the Company is committed to operate lawfully. The Company will also commence project rectification work, rationalize the leasing of the headquarters park and Shuangliu Park, and revise the contract template. By actively liaising with the government of Shuangliu District, the Company aims at addressing the problems arising from land rights. In accordance with the relevant safety production management requirements, the Company will establish rules and regulations to standardize the safety production within the parks.

## **Capitalizing on the listing platform**

By conducting a feasibility study of financing, issuing equity incentives and restructuring on the listing platform, the Company will try to carry out business mergers and acquisitions and equity restructuring, so as to quickly improve its core competitiveness and achieve a turnaround as soon as possible. With the support of Sichuan Province and Chengdu Municipal Government, coupled with enormous corporate resources, the platform will be reorganized to achieve economies of scale and synergy to create a stronger and better listing platform.

## **BASIC MEDICAL INSURANCE SCHEME FOR EMPLOYEES**

The Company has participated in the basic medical insurance scheme for employees in Chengdu since October 2002. The Group made a total contribution amounting to approximately RMB2.9281 million during the Year (Previous Year: approximately RMB2.2152 million). The Board considered that the implementation of the basic medical insurance scheme for employees had no material impact on the financial status of the Company.

## **INCOME TAX**

According to the “Policy and Measures to Alleviate the Production and Operation Difficulties of Small and Medium Enterprises in Response to the COVID-19 Pandemic Issued by General Office of the People’s Government of Sichuan Province” (Chuanbanfa [2020] No. 10)(《四川省人民政府辦公廳關於應對新型冠狀病毒肺炎疫情緩解中小企業生產經營困難的政策措施》(川辦發[2020]10號)), small and medium enterprises that have suffered significant losses due to the pandemic and whose normal production and operation activities have been significantly affected, and who have genuine difficulties in paying housing property tax and urban land use tax, may apply for exemption from housing property tax and urban land use tax during the COVID-19 pandemic. In order to implement the preferential policies on housing and land taxes during the COVID-19 pandemic, the Sichuan Provincial Tax Service, State Taxation Administration and the Sichuan Provincial Finance Department issued the “Announcement on Matters Relating to the Continued Exemption from Housing Property Tax and Urban Land Use Tax during the Pandemic” (Announcement No.2 of the Sichuan Provincial Tax Service, State Taxation Administration in 2021)(《關於繼續免徵疫情期間房產稅城鎮土地使用稅有關事項的公告》(國家稅務總局四川省稅務局公告2021年第2號)) on 30 April 2021, and the Company continued to enjoy the tax reduction and exemption of housing and land taxes during the COVID-19 pandemic in 2021.

The Company obtained the High-tech Enterprise Certificate on 15 December 2021 jointly issued by the Science & Technology Department of Sichuan Province, the Sichuan Provincial Finance Department and the Sichuan Provincial Tax Service, State Taxation Administration, with a validity period of 3 years, and the certificate number is GR202151003385. The enterprise income tax will be paid at a reduced tax rate of 15% from 2021 to 2023.

Chengdu SEI Optical Fiber Co., Ltd., a subsidiary of the Company, obtained the High-tech Enterprise Certificate on 11 September 2020, jointly issued by the Science & Technology Department of Sichuan Province, the Sichuan Provincial Finance Department and the Sichuan Provincial Tax Service, State Taxation Administration, with a validity period of 3 years. The certificate number is GR202051001074. The enterprise income tax will be paid at a reduced tax rate of 15% from 2020 to 2022.

## **PLEDGE OF ASSETS**

During the Year, due to sufficient working capital for production and operation, the Group did not obtain any new loan from banks which was secured by the Group's assets (Previous Year: the Group did not obtain any loan from banks which was secured by the Group's assets).

## **RISK MANAGEMENT**

The Group adheres to the principle that risk management must be in line with its strategies and serve its strategic concept while strengthening the risk classification and identification management and taking risk management as daily routine. The Group's risk management targets to seek the appropriate balance between the risks and benefits and minimize the effects of the risks on the Group's financial performance and maximize the interests of the shareholders and other equity investors. Based on such objectives, the Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor and control risks within a stipulated range in a timely and reliable manner.

### **1. Foreign exchange rate risk**

The Group is exposed to foreign exchange rate risk as an increase in the foreign exchange rate of USD will lead to an increase in cost of import and thus an increase in foreign exchange loss. The Group will closely monitor the trend of the US dollar exchange rate, and if necessary, adopt forward measures to lock in exchange rate.

### **2. Human resources risk**

The human resources risk of the Group mainly comprises risk of redundant employees, risk of low salaries, risk of lack of expertise and risk of team stability. The Company reduces the number of redundant employees on full compliance with the relevant national policies, establishes a scientific and reasonable remuneration system in respect of efficiency, size and positions of the Company and promotes a performance-oriented concept for income distribution among its employees. It explores different ways of cooperation between schools and enterprises to establish new modes of product development as well as the introduction and training of talents.

### **3. Investment exit risk**

The investment exit risk faced by the Group refers to the relevant legal responsibilities assumed by the Group and the entity responsible for liquidation due to the slow and incomplete liquidation process of the Group's associates. The Group will keep in touch with major shareholders, determine the creditors' rights and debts with other shareholders as soon as possible, and follow up with the liquidation process at any time.

### **4. “Two Funds” management risk**

The “Two Funds” management risk faced by the Group refers to the long aging of accounts receivables/prepayments and the existence of bad debts risk. The Group will formulate credit policies, establish a credit evaluation system for its suppliers and customers, improve the management system for and clean up accounts receivables/prepayments on a regular basis, maintain regular account reconciliation and traceability, effectively collect accounts receivables by legal means, facilitate capital liquidity and turnover, and reduce the risk of bad debt losses.

### **5. Compliance and management risk**

The compliance and management risk faced by the Group refers to defective compliance standards or behavioral standards that are not strictly enforced by employees, resulting in violation of internal management regulations and code of ethics, honesty and trustworthiness, thereby causing adverse effects on the Company. The Group will improve the construction of compliance and management system and informatization process, promote the legitimacy and rationality of regulations, enhance the competency of its staff, strengthen the compliance supervision in every aspect, and take reasonable measures in a timely manner according to the impact of incidents to reduce its losses.

### **6. Investment risk**

The Group is exposed to investment risk in respect of the overdue amount of the remaining payment of the consideration for the transfer of the Company's 12.5% equity interest in Putian Fasten Cable Telecommunication Company Limited (普天法爾勝光通信有限公司) (the “**Transferee**”) to Jiangsu Fasten Optics Telecommunication Technology Limited (江蘇法爾勝光通信科技有限公 司) pursuant to an equity exchange contract entered into between the Company and the latter on 11 December 2020. For details, please refer to the Company's announcement dated 11 December 2020. The Company has actively negotiated with the Transferee and the guarantor (Fasten Hongsheng Group Co., Ltd. (法爾勝泓昇集團有限公司), which wholly owns the Transferee) and is able to file a written claim for payment directly from the guarantor, who shall be required to settle the entire amount within five working days upon receipt of the written claim notice. If the final negotiation and written claim are unsuccessful, the Company will file a lawsuit with the court.

## **STAFF AND REMUNERATION POLICY OF THE GROUP**

As at 31 December 2021, the Group had 564 staff members.

The Group remunerates its staff based on their performance, experience and prevailing industry practices. Other benefits offered to the staff include retirement benefits plans, medical benefits plans and housing fund plans. The Group also provides technical trainings to its staff.

## **SHAREHOLDING AND CHANGE IN SHARE CAPITAL STRUCTURE**

### **1. Share capital structure**

During the Year, the Company had not made any arrangements for bonus issue, share placing and issuance of new shares. There was no change in the Company's share capital structure. The total number of shares issued by the Company was 400,000,000 shares, of which Chengdu Siwi Electronic Co., Ltd. (成都四威電子有限公司) held 240,000,000 state-owned legal person shares (on 10 November 2021, China Potevio Company Limited (中國普天信息產業股份有限公司) has entered into an equity transfer agreement with Chengdu Siwi Electronic Co., Ltd. for the transfer of 240,000,000 state-owned legal person shares of the Company held by it at nil consideration to Chengdu Siwi Electronic), representing 60% of the issued share capital of the Company and the overseas shareholders of H shares held 160,000,000 shares, representing 40% of the issued share capital of the Company.

### **2. Shareholdings of the directors and supervisors**

As at 31 December 2021, none of the directors, supervisors and chief executives of the Company nor their associates had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities & Futures Ordinance ("SFO") (Chapter 571 of the Laws of Hong Kong)) as recorded in the register required to be kept by the Company under section 352 of the SFO or which were otherwise required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

### **3. Purchase, sale or redemption of listed securities of the Company**

For the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

### **4. Convertible securities, share options, warrants or relevant entitlements**

During the Year, the Group did not issue any convertible securities, share options, warrants or relevant entitlements.

## 5. Sufficient public float

According to public information available to the Company and to the best knowledge of each director, the Company confirmed that the public held sufficient shares during the Year and as at the date of this announcement.

## FINAL DIVIDEND

The Board did not recommend the payment of final dividend for the Year (Previous Year: Nil).

## IMPORTANT EVENT

### 1. Change of De Facto Controller and Controlling Shareholder

On 23 June 2021, after examination by the State-owned Assets Supervision and Administration Commission of the State Council (“**SASAC**”) and submission to and obtaining approval of the State Council, consent was given for the implementation of reorganisation between China PUTIAN Corporation (中國普天信息產業集團有限公司) (“**China Putian**”), the de facto controller of the Company, and China Electronics Technology Group Corporation (中國電子科技集團有限公司) (“**China Electronics Technology**”). The entire equity interests in China Putian will be transferred into China Electronics Technology and China Putian will become a wholly-owned subsidiary of China Electronics Technology. Upon completion of the reorganisation, the de facto controller of the Company will change from China Putian to China Electronics Technology. On 11 August 2021, the Company was granted a waiver by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission (the “**Executive**”) under note 6 to Rule 26.1 of the Code on Takeovers and Mergers (the “**Takeovers Code**”) in connection with the reorganisation. On 23 September 2021, the Company was informed by China Electronics Technology that the reorganisation was completed. For further details, please refer to the Company’s announcement dated 23 September 2021.

On 10 November 2021, the Company’s controlling shareholder, China Potevio Company Limited (中國普天信息產業股份有限公司) (“**China Potevio**”) entered into an equity transfer agreement with Chengdu Siwi Electronic Co., Ltd. (成都四威電子有限公司) (“**Siwi Electronic**”), an indirectly wholly-owned subsidiary of China Electronics Technology, for the transfer of 240,000,000 shares of the Company at nil consideration to Siwi Electronic and upon completion the controlling shareholder of the Company will change from China Potevio to Siwi Electronic. The Company was granted a waiver by the Executive Director under note 6 to Rule 26.1 of the Takeovers Code in connection with the equity transfer. For further details, please refer to the Company’s announcement dated 10 November 2021.

## **2. Adjustment of Management**

On 24 September 2021, the Company made adjustment to the management according to the production and operation needs and the Board appointed Mr. Li Jianyong as the general manager of the Company. At the same time, upon the nomination of general manager Mr. Li Jianyong, Mr. Wang Yinyu was appointed as the chief financial officer of the Company. For further details, please refer to the Company's announcement dated 24 September 2021.

## **3. New Session of the Board and the Supervisory Committee**

According to the Articles of Association, each session of the Board shall have a term of three years and each director shall be eligible for re-election. Directors are elected at the general meeting of the Company from candidates who are current directors or are nominated by shareholders holding 3% or more of shares in issue of the Company. The three years' term of the ninth session of the Board of the Company from 2018 had expired. The tenth session of the Board of the Company was elected at the 2021 first extraordinary general meeting on 12 November 2021. Ms. Li Tao, Mr. Li Jianyong, Mr. Hu Jiangbing, Mr. Wu Xiaodong, Mr. Zhu Rui and Mr. Jin Tao were elected as directors of the tenth session of the Board. Ms. Fu Wenjie, Mr. Xiao Xiaozhou and Mr. Zhong Qishui were elected as independent non-executive directors of the tenth session of the Board. Meanwhile, Ms. Wang Cheng and Mr. Xiong Ting were elected as Supervisors of the tenth session of the Supervisory Committee. In addition, Mr. Liu Jun was elected as the staff representative by one-third of the staff representative supervisors of the Supervisory Committee through a democratic election on 27 July 2017. For further details, please refer to the Company's announcement dated 12 November 2021.

## **4. Change of Auditor**

On 22 December 2021, Pan-China Certified Public Accountants resigned as the auditor of the Company in accordance with the relevant regulations issued by the State-Owned Assets Supervision and Administration Commission regarding the audit work on financial statements of state-owned enterprises in the People's Republic of China, and confirmed in its resignation letter that there are no matters in relation to its resignation that needs to be brought to the attention of the shareholders and creditors of the Company. At the same time, the Board of the Company appointed Da Hua Certified Public Accountants as the new auditor of the Company with effect from 22 December 2021 to fill the casual vacancy following the resignation of Pan-China Certified Public Accountants, and to hold office until the conclusion of the next annual general meeting of the Company. For further details, please refer to the Company's announcement dated 22 December 2021.

## **5. Change in and Implementation of Accounting Treatments**

The audit committee of the Board and the Board of the Company held meetings on 24 January and 28 January 2022 respectively, and having considered the opinions of the Company's auditor, Da Hua Certified Public Accountants, the accounting standards were changed and implemented for matters including the treatment of land use rights of the original dormitory area, the method of recognising revenue from the Company's trading business and expenses for furloughed staff in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China. For further details, please refer to the Company's announcement dated 28 January 2022.

## **CODE ON CORPORATE GOVERNANCE**

The Company will strive to maintain a high standard of corporate governance and transparency of the Company and to safeguard the interest of Shareholders and the Company as a whole. For the Year, the Company had applied the principles and complied with the applicable code provisions, and also complied with certain recommended best practices, of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules. The Group’s corporate governance principles emphasize the importance of a quality Board, effective internal controls and accountability to Shareholders.

The Company will, from time to time, review and enhance its corporate governance practices to ensure that these practices continue to meet the requirements of the CG Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors and supervisors of the Company.

After specific enquiries to the directors and supervisors of the Company, the Board confirmed that all directors and supervisors had fully complied with the codes as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules during the Year.

## **AUDIT COMMITTEE OF THE BOARD (“AUDIT COMMITTEE”) AND REVIEW OF THE ANNUAL RESULTS**

The Company established the Audit Committee in accordance with the Listing Rules. The members of the Audit Committee are Ms. Fu Wenjie, Mr. Xiao Xiaozhou and Mr. Zhong Qishui, all being independent non-executive directors of the Company. The Audit Committee is responsible for matters such as conducting reviews of risk management, internal control and financial reports and has reviewed the Company’s audited financial statements and annual results for the Year.

The Audit Committee considered that the audited financial statements and the annual results of the Company for the Year were in full compliance with the requirements of the applicable accounting standards, laws and regulations and appropriate disclosure was made.

## **ANNUAL REPORT AND ANNUAL GENERAL MEETING**

The annual general meeting (“AGM”) for the Year will be held on Friday, 24 June 2022 at No. 18, Xinhang Road, the West Park of Hi-tech Development Zone, Chengdu, Sichuan Province, the PRC. Notice of the AGM will be announced separately. The Group’s annual report for the financial year ended 31 December 2021 and the notice of the AGM will be despatched to its shareholders as soon as possible and will also be published on the Stock Exchange’s website (<http://www.hkexnews.hk>) and the Company’s website (<http://www.cdc.com.cn>).

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 25 May 2022 to 24 June 2022 (both days inclusive), during which period no transfer of shares will be registered.

In order to be qualified for attending and voting at the 2021 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar, Hong Kong Registrars Limited at Rooms 1712-16, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for the holders of H shares; or the registered office of the Company at No. 18, Xinhang Road, the West Park of Hi-tech Development Zone, Chengdu, Sichuan Province, the PRC (postal code: 611731) for the holders of domestic shares for registration by 4:30 p.m. on 24 May 2022.

## ACKNOWLEDGEMENT

I would like to thank the Board, the Supervisory Committee, the management and all of our staff for their hard work and dedication, as well as our shareholders and customers for their continuous support to the Group.

*Notes:*

1. This results announcement is prepared in both Chinese and English. Should there be any discrepancies between the two versions, the Chinese version shall prevail.
2. This results announcement will be published on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<http://www.cdc.com.cn>) in due course.

By order of the Board  
**Chengdu PUTIAN Telecommunications Cable Company Limited**  
**Li Tao**  
*Chairman*

Chengdu, the PRC, 25 March 2022

As at the date of this announcement, the Board comprises the following directors:

**Executive Directors:** Ms. Li Tao (*Chairman*), Mr. Li Jianyong, Mr. Hu Jiangbing, Mr. Wu Xiaodong, Mr. Zhu Rui, and Mr. Jin Tao

**Independent Non-executive Directors:** Ms. Fu Wenjie, Mr. Xiao Xiaozhou and Mr. Zhong Qishui