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成都四威科技股份有限公司

CHENGDU SIWI SCIENCE AND TECHNOLOGY COMPANY LIMITED

(Formerly known as “Chengdu PUTIAN Telecommunications Cable Company Limited 成都普天電纜股份有限公司”)

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

(Stock Code: 1202)

2022 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the “**Board**”) of Chengdu SIWI Science and Technology Company Limited (the “**Company**”) hereby announces the audited consolidated financial data of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2022 (the “**Year**”) together with comparative figures for the corresponding period in 2021 as follows:

CONSOLIDATED BALANCE SHEET

As at 31 Dec 2022

Chengdu SIWI Science and Technology Company Limited		<i>(Amounts in Renminbi, unless otherwise stated)</i>	
Assets	<i>Section 6</i>	Closing balance	Closing balance for preceding period
Current Assets:			
Cash and bank balance		485,368,181.46	478,366,924.31
Financial assets held for trading			
Derivative financial asset			
Notes receivable	<i>Note 1</i>		1,310,722.32
Account receivable	<i>Note 2</i>	78,930,240.49	62,983,956.72
Receivable financing	<i>Note 3</i>	76,003,141.78	80,904,604.71
Advances paid		7,359,411.26	2,977,144.94
Other receivables		3,819,556.49	35,401,837.91
Inventories		94,630,633.76	47,603,420.50
Contract Assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		5,812,246.89	4,367,007.54
Total Current Assets		751,923,412.13	713,915,618.95

Assets	<i>Section 6</i>	Closing balance	Closing balance for preceding period
Non-current Assets:			
Debt investments			
Other debt investments			
Long-term accounts receivable			
Long-term equity investments		37,705,739.10	45,754,237.81
Other equity instrument investments		5,627,988.00	5,607,816.00
Other non-current financial assets			
Investment Property		70,974,819.27	67,436,327.72
Fixed assets		116,410,967.30	137,317,016.07
Construction in process		813,523.02	775,646.90
Productive biological assets			
Oil&gas assets			
Right-of-use assets			
Intangible assets		31,643,528.41	32,566,614.61
Capitalised R&D expenses			
Goodwill			
Long-term deferred expenses		2,641,830.27	1,114,542.68
Deferred income tax assets			
Other non-current assets		253,600.00	66,287.54
		-----	-----
Total Non-current Assets		266,071,995.37	290,638,489.33
		-----	-----
Total Assets		1,017,995,407.50	1,004,554,108.28
		=====	=====

Assets	<i>Section 6</i>	Closing balance	Closing balance for preceding period
Current Liabilities:			
Short-term borrowings			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable	<i>Note 4</i>	32,270,673.28	21,421,997.00
Advances received		1,156,921.07	707,219.17
Contract liabilities		3,833,449.99	3,897,101.34
Employee benefits payable		19,475,905.30	19,022,162.23
Taxes and rates payable		3,540,804.90	1,486,978.23
Other payables		22,951,708.02	22,859,783.93
Liabilities held for sale			
Non-current liabilities due within one year		445,269.63	433,080.49
Other current liabilities		249,893.18	252,153.05
		-----	-----
Total Current Liabilities		83,924,625.37	70,080,475.44
		-----	-----
Non-current Liabilities:			
Long-term borrowings		4,377,122.09	4,690,379.98
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease Liabilities			
Long-term accounts payable			
Long-term employee benefits payable		38,339,412.23	40,582,354.50
Provisions			
Deferred income		47,773,766.80	50,395,466.20
Deferred tax liabilities			
Other non-current liabilities			
		-----	-----
Total Non-current Liabilities		90,490,301.12	95,668,200.68
		-----	-----
Total Liabilities		174,414,926.49	165,748,676.12
		=====	=====

Chengdu SIWI Science and Technology Company Limited

(Amounts in Renminbi,
unless otherwise stated)

Assets	<i>Section 6</i>	Closing balance	Closing balance for preceding period
Owners' Equity:			
Share capital		400,000,000.00	400,000,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves		641,928,122.08	638,760,122.08
Less: Treasury stock			
Other comprehensive income	<i>Note 5</i>	4,916,795.69	4,896,623.69
Special reserves			
Surplus reserves		8,726,923.61	8,726,923.61
Retained earnings		-299,724,682.19	-297,500,420.97
		-----	-----
Total equity attributable to the parent company		755,847,159.19	754,883,248.41
		-----	-----
Non-controlling interest		87,733,321.82	83,922,183.75
		-----	-----
Total Owners' Equity		843,580,481.01	838,805,432.16
		-----	-----
Total Liabilities and Owners' Equity		1,017,995,407.50	1,004,554,108.28
		=====	=====

CONSOLIDATED INCOME STATEMENT

For 2022

Chengdu SIWI Science and Technology Company Limited

(Amounts in Renminbi,
unless otherwise stated)

Items	Section 6	Amount for the current period	Amount for the preceding period
I. Total operating revenue	<i>Note 6</i>	304,013,607.91	300,424,372.33
Less: Cost of sales	<i>Note 6</i>	233,069,296.30	267,850,501.90
Tax and surcharge	<i>Note 7</i>	2,696,958.25	2,032,677.84
Marketing expenses	<i>Note 8</i>	5,553,658.18	5,025,175.93
Administration expenses	<i>Note 9</i>	65,343,225.31	85,574,387.12
R&D expenses	<i>Note 10</i>	10,986,677.21	12,278,143.32
Financial costs	<i>Note 11</i>	-21,601,080.28	-9,776,284.73
Including: Interest expenses		73,722.80	87,110.41
Interest income		21,488,986.12	9,396,639.26
Add: Other income		3,078,519.15	8,263,425.78
Investment income (or less: loss)		-7,989,495.61	1,769,373.55
Including: Investments income from associates and joint ventures		-8,048,498.71	-14,422,498.48
Gains from derecognition of financial assets at amortized cost			
Net open hedge income (or less: loss)			
Gain on changes in fair value (or less: loss)			
Credit impairment loss (or less: loss)		2,639,185.68	-1,850,232.89
Assets impairment loss (or less: loss)		-5,171,502.41	-4,540,904.93
Gains on assets disposal (or less: loss)			449,163.30
		-----	-----

Items	<i>Section 6</i>	Amount for the current period	Amount for the preceding period
II. Operating Profit (or less: loss)		521,579.75	-58,469,404.24
Add: Non-operating revenue		1,009,163.16	50,905.53
Less: Non-operating expenditures		45,185.60	569,999.60
III. Profit before tax (or less: loss)		1,485,557.31	-58,988,498.31
Less: Income tax	<i>Note 12</i>	-101,319.54	-1,358,356.64
IV. Net profit (or less: net loss)		1,586,876.85	-57,630,141.67
Including: Net profit realized by the merged party under common control before the merger			
(I) Categorized by continuity of operations			
Net profit from continuing operations (or less: loss)		1,586,876.85	-57,630,141.67
Net profit from discontinued operations (or less: loss)			
(II) Categorized by the portion of equity ownership			
Net profit attributable to owners of parent company (or less: loss)		-2,224,261.22	-52,268,290.85
Net profit attributed to non-controlling shareholders (or less: loss)		3,811,138.07	-5,361,850.82

Items	<i>Section 6</i>	Amount for the current period	Amount for the preceding period
V. Other comprehensive income after tax		20,172.00	1,879,002.40
Items attributable to the owners of the parent company		20,172.00	1,879,002.40
(I) Not to be reclassified subsequently to profit and loss		20,172.00	1,879,002.40
1. Net change in remeasurement on the 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		20,172.00	1,879,002.40
4. Changes in fair value of own credit risk			
5. Others			
(II) To be reclassified subsequently to profit and loss			
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			
Items attributable to non-controlling shareholders			

Items	<i>Section 6</i>	Amount for the current period	Amount for the preceding period
VI. Total comprehensive income		<u>1,607,048.85</u>	<u>-55,751,139.27</u>
Items attributable to the owners of the parent company		-2,204,089.22	-50,389,288.45
Items attributable to non-controlling shareholders		3,811,138.07	-5,361,850.82
VII. Earning per share (EPS):			
(I) Basic EPS (yuan per share)		-0.01	-0.13
(II) Diluted EPS (yuan per share)		-0.01	-0.13

CONSOLIDATED CASH FLOW STATEMENT

For 2022

Chengdu SIWI Science and Technology Company Limited

(Amounts in Renminbi,
unless otherwise stated)

Items	Section 6	Amount for the current period	Amount for the preceding period
I. Cash flows from operating activities:			
Cash receipts from sales of goods or rendering of services		199,372,323.11	201,784,286.56
Receipts of tax refund		3,615.90	
Other cash receipts related to operating activities		77,521,964.69	68,175,742.15
		<hr/>	<hr/>
Subtotal of cash inflows from operating activities		276,897,903.70	269,960,028.71
		<hr/>	<hr/>
Cash payment for goods purchased and service received		174,894,132.27	124,406,772.26
Cash paid to and on behalf of employees		72,870,652.12	55,188,529.11
Cash payments for taxes and rates		8,979,958.82	3,541,212.91
Other cash payments related to operating activities		42,811,584.68	38,343,963.94
		<hr/>	<hr/>
Subtotal of cash outflows from operating activities		299,556,327.89	221,480,478.22
		<hr/>	<hr/>
Net cash flows from operating activities		-22,658,424.19	48,479,550.49

Items	<i>Section 6</i>	Amount for the current period	Amount for the preceding period
II. Cash flows from investment activities:			
Cash receipts from withdrawal of investments		31,330,150.00	16,000,000.00
Cash receipts from investment income		59,003.10	
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets			930,325.00
Net cash receipts from the disposal of subsidiaries & other business unites			
Other cash receipts related to investing activities			
		-----	-----
Subtotal of cash inflows from investing activities		<u>31,389,153.10</u>	<u>16,930,325.00</u>
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		1,542,201.34	939,586.88
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		<u>1,542,201.34</u>	<u>939,586.88</u>
Net cash flows from investing activities		<u><u>29,846,951.76</u></u>	<u><u>15,990,738.12</u></u>

Items	<i>Section 6</i>	Amount for the current period	Amount for the preceding period
III. Cash flows from financing activities:			
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		429,250.38	459,727.45
Cash payments for distribution of dividends or profits and for interest expenses		73,722.80	87,110.41
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit			
Other cash payments related to financing activities			
Subtotal of cash outflows from financing activities		502,973.18	546,837.86
Net cash flows from financing activities		-502,973.18	-546,837.86
IV. Effect of foreign exchange rate changes on cash & cash equivalents		325,812.03	-93,345.92
V. Net increase in cash and cash equivalents		7,011,366.42	63,830,104.83
Add: Opening balance of cash and cash equivalents		472,172,323.72	408,342,218.89
VI. Closing balance of cash and cash equivalents		479,183,690.14	472,172,323.72

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For 2022

Chengdu SIWI Science and Technology Company Limited

(Amounts in Renminbi, unless otherwise stated)

Items	Current period cumulative				Preceding period comparative							
	Share Capital	Preferred shares	Other equity instruments	Equity attributable to parent company	Share Capital	Preferred shares	Other equity instruments	Equity attributable to parent company	Surplus reserve	Retained earnings	Non-controlling interest	Total equity
I. Balance at the end of previous year	40,000,000.00			68,760,122.08	40,000,000.00			68,760,122.08	8,726,923.61	-29,276,781.97	89,284,034.57	90,149,093.58
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	40,000,000.00			68,760,122.08	40,000,000.00			68,760,122.08	8,726,923.61	-29,276,781.97	89,284,034.57	90,149,093.58
III. Current year increase (or decrease)				4,896,623.69				4,896,623.69				
(I) Total comprehensive income												
(II) Capital contributed or withdrawn by owners												
1. Ordinary shares contributed by owners												
2. Capital contributed by holders of other equity 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												
4. Changes in defined benefit plans carried over to related earnings												
5. Other comprehensive income carried over to related earnings												
(V) Special reserve												
1. Appropriation of current period												
2. Application of current period												
(VI) Others												
IV. Balance at the end of current year	40,000,000.00			73,656,745.77	40,000,000.00			73,656,745.77	8,726,923.61	-29,276,781.97	87,733,332.82	83,922,032.15

NOTES TO FINANCIAL STATEMENTS FOR 2022

I. CORPORATE PROFILE

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

Chengdu PUTIAN Telecommunications Cable Company Limited (now known as Chengdu Siwi Science and Technology 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, and hereinafter referred to as “**China PUTIAN**”), 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 RMB400,000,000. There are a total of 400,000,000 shares in issue with the nominal value of RMB1 each of which: equity interest of China Potevio Company Limited* (中國普天信息產業股份有限公司) 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.

According to the Reply from China Electronics Technology Group Corporation on Matters Regarding the Transfer of the Shares of Chengdu PUTIAN Telecommunications Cable Company Limited at Nil Consideration (Dian Ke Zi [2021] No.476) (《中國電科關於成都普天電纜股份有限公司股份無償劃轉有關事項的批復》(電科資[2021]476號)) issued by China Electronics Technology Group Corporation Limited (“China Electronics Technology”) on 29 October 2021, China Electronics Technology agreed to transfer 240,000,000 shares of the Company held by China Potevio Company Limited to Chengdu Siwi Electronic Co., Ltd. (“**Chengdu Siwi Electronic**”), a wholly-owned subsidiary of the 29th Research Institute of China Electronics Technology Group Corporation, with 31 December 2020 as the base date. 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.

According to the decision of the 2021 Annual General Meeting of the Company held on 30 June 2022, the name of the Company was changed from Chengdu PUTIAN Telecommunications Cable Company Limited to Chengdu SIWI Science and Technology Company Limited.

(II) Business scope and major operations

The Company is in the manufacturing industry, and its main products and services are permitted items: wire and cable manufacturing; entry-exit quarantine arrangement at borders. (Items subject to approval in accordance with the laws shall commence operation with approval obtained from the relevant authorities. Definitive operating items shall be subject to the approval documents or license documents granted by the relevant authorities.) General items: energy storage technology services; research and development of distribution switchgear and control equipment; research and development of emerging energy technologies; research and development of resource recycling technologies; research and development of online energy monitoring technologies; research and development of wind farms related systems; research and development of electric motors and control systems; manufacturing of new energy generating equipment; research and development of offshore wind power related systems; technical services for solar power generation; manufacturing of generators and generating units;

manufacturing of transmission, distribution and control equipment; integration of intelligent control systems; information systems integration services; sale of intelligent transmission, distribution and control equipment; contract energy management; sale of batteries; sale of battery swap facilities for new energy vehicles; sale of photovoltaic equipment and components; sale of electrical accessories of new energy vehicles; wire and cable business; manufacturing of optical fibers; sale of optical fibers; manufacturing of optical cables; sale of optical cables; manufacturing of communications equipment; sale of communications equipment; manufacturing of optical communications equipment; sale of optical communications equipment; manufacturing of equipment for electrical installations; sale of equipment for electrical installations; manufacturing of mechanical and electrical equipment; sale of mechanical and electrical equipment; manufacturing of special equipment for electrical machinery; manufacturing of electronic special materials; manufacturing of specialized equipment (excluding the manufacture of licensed professional equipment); technical services, technology development, technical consultation, technology exchange, technology transfer, technology promotion; import and export of goods; import and export of technology; leasing of non-residential real estates; house leasing; leasing services (excluding licensed leasing services); property management; parking lot services; business management consultation; entrepreneurial space services.

(Except for items that are subject to approval in accordance with the laws, the business activities shall be conducted independently with the business licenses in accordance with the laws.)

(III) Approval of financial statements

The financial statements were approved and authorized for issue by the Board of Directors dated 24 March 2023.

II. CONSOLIDATION SCOPE

The Company has brought 2 subsidiaries into the consolidation scope. For details, please refer to Section VIII. Interests in other entities. The number of subsidiaries brought into the consolidation scope decreased by one as compared with the preceding period. The consolidated subsidiaries include:

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

Note: According to the resolution of the 2022 First Extraordinary General Meeting held on 27 September 2022, the Company merged with its wholly-owned subsidiary Chengdu Zhongling Wireless Communication Cable Co., Ltd by way of absorption during the current period.

III. PREPARATION BASIS OF THE FINANCIAL STATEMENTS

(I) Preparation basis of the financial statements

The Company carried out recognition and measurement based on transactions and events that actually occurred and in accordance with the Accounting Standards for Business Enterprises — Basic Standards issued by the Ministry of Finance, and the specific accounting standards, application guidelines for Accounting Standards for Business Enterprises, interpretations of Accounting Standards for Business Enterprises and other relevant regulations (hereinafter collectively referred to as “**Accounting Standards for Business Enterprises**”), on the basis of which, the financial statements are prepared in conjunction with the rules of the “Rules Governing the Preparation of Information Disclosures by Companies Issuing Public Securities No. 15 — General Rules on Financial Reporting” (revised in 2014) issued by China Securities Regulatory Commission.

(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 following the reporting period. 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, except for certain financial instruments measured at fair value. 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 interpretation No.15 of Accounting Standards for Business Enterprises

On 31 December 2021, the Ministry of Finance issued the Interpretation No. 15 of Accounting Standards for Business Enterprises (Cai Kuai [2021] No. 35) (hereinafter referred to as “**Interpretation No. 15**”). Interpretation No. 15 regulates the “accounting treatment of external sales of products or by-products produced before the fixed assets are ready for their intended use or during the research and development process” (hereinafter referred to as “**trail sale**”), as well as “the judgment on onerous contracts”, which came into effect from 1 January 2022.

The Company has implemented Interpretation No. 15 since the effective date, and the Implementation Interpretation No. 15 has no material impact on the financial statements during the reporting period.

(2) The impact of the implementation of interpretation No.16 of Accounting Standards for Business Enterprises

According to the Interpretation No. 16 of Accounting Standards for Business Enterprises (Cai Kuai [2022] No. 31, hereinafter referred to as “**Interpretation No. 16**”) published by the Ministry of Finance on 13 December 2022, among the accounting treatment for three items: “accounting treatment for deferred tax related to assets and liabilities arising from a single transaction that does not apply to the initial recognition exemption” came into effect on 1 January 2023, which allows enterprises to apply earlier from the year of publication and has not been early applied by the Company during the year; while “accounting treatment for income tax effects of dividends on financial instruments classified as equity instruments by the issuer” and “accounting treatment for the revision of cash-settled share-based payment to equity-settle share-based payment” shall take effect from the date of publication.

The Company has implemented Interpretation No. 16 since the effective date, and the Implementation Interpretation No. 16 has no material impact on the financial statements during the reporting 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% or 3%	
Housing property tax	70% of the original value of the property (or rental income)	1.2% (for property value) 12% (for rental income)	
Urban land use tax	Land area actually occupied	6 yuan/m ² , 8 yuan/m ²	
Resource tax	Water actually consumed	2.69/m ³	
Enterprise 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	Tax Rate
Chengdu Siwi Science And Technology Company Limited	15%
Chengdu SEI Optical Fiber Co., Ltd	15%
Chengdu PUTIAN New Material Co., Ltd	25%

(II) The preferential tax policy and the basis

1. 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 property tax and urban land use tax during the COVID-19 pandemic, the Sichuan Provincial Tax Service under the 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 property tax and urban land use tax during the COVID-19 pandemic in 2022.
2. The Company obtained the High-tech Enterprise Certificate jointly issued by the Science and Technology Department of Sichuan Province, the Sichuan Provincial Department of Finance and the Sichuan Provincial Taxation Bureau under the State Administration of Taxation 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.

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 under the 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.

(III) Other notes

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

VI. NOTES TO THE PRINCIPAL ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

(The following amounts are in RMB unless otherwise specified, the opening balances are all as of 1 January, 2022)

NOTE 1 NOTES RECEIVABLE

1. Details of notes receivable by categories

Items	Closing balance	Opening balance
Bank acceptance		
Trade acceptance		1,961,545.37
Subtotal		1,961,545.37
Less: Provision for bad debts		650,823.05
Total		1,310,722.32

2. Details of provision for bad debts of notes receivable by categories

Categories	Book balance		Opening balance Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Notes receivable with provision for expected credit loss made on an individual basis					
Notes receivable with provision for expected credit loss 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
Total	1,961,545.37	100.00	650,823.05	33.18	1,310,722.32

3. Changes in provision for, recovery or reversal of bad debts in current period

Categories	Opening balance	Accrual	Changes		Other changes	Closing balance
			Recovery or reversal	Write-off		
Notes receivable with provision for bad debts made on an individual basis						
Notes receivable with provision for bad debts made on a collective basis	650,823.05		631,821.74		19,001.31	
Including: Trade acceptance	650,823.05		631,821.74		19,001.31	
Total	650,823.05		631,821.74		19,001.31	

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

Categories	Book balance		Opening balance Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
A accounts receivable with provision made for expected credit loss on an individual basis	26,382,456.98	23.49	26,318,007.79	99.76	64,449.19
A accounts receivable with provision made for expected credit loss on a collective basis	85,911,389.08	76.51	7,045,597.78	8.20	78,865,791.30
Including: Related party portfolio	37,287,236.41	33.21	186,436.19	0.50	37,100,800.22
Non-related party portfolio	48,624,152.67	43.30	6,859,161.59	14.11	41,764,991.08
Total	112,293,846.06	100.00	33,363,605.57	29.71	78,930,240.49

Categories	Book balance		Opening balance Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
A accounts receivable with provision made for expected credit loss on an individual basis	46,978,797.08	39.65	46,978,797.08	100.00	
A accounts receivable with provision made for expected credit loss 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	118,469,751.06	100.00	55,485,794.34	46.84	62,983,956.72

3. Accounts receivable for bad debts provision made on an individual basis

Debtors	Book balance	Closing balance		Reasons
		Provision for bad debts	Provision proportion (%)	
KAB/VOLEX KABKableprektion	2,058,597.74	2,058,597.74	100.00	Not expect to be recoverable
Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd	1,985,718.44	1,985,718.44	100.00	Not expect to be recoverable
Shenyang Hengyuanda 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
Yantai Cable Plant	104,491.95	40,042.76	38.32	Reorganization of the counterparty in bankruptcy (the accrual amount is determined based on the draft reorganization plan adopted by court decision)
Other 156 Debtors	13,972,035.49	13,972,035.49	100.00	Not expect to be recoverable
Total	<u>26,382,456.98</u>	<u>26,318,007.79</u>	—	

4. Accounts receivable for bad debts provision made on a collective basis

(1) Related party portfolio

Age	Book balance	Closing balance	
		Provision for bad debts	Provision proportion (%)
Within 1 year (inclusive)	36,818,122.19	184,090.62	0.50
1–2 years (inclusive)	130,000.00	650.00	0.50
2–3 years (inclusive)	214,800.60	1,074.00	0.50
Over 3 years	124,313.62	621.57	0.50
Total	<u>37,287,236.41</u>	<u>186,436.19</u>	<u>0.50</u>

(2) *Non-related party portfolio*

Age	Book balance	Closing balance Provision for bad debts	Provision proportion (%)
Within 1 year (inclusive)	35,920,405.46	656,072.67	1.83
1–2 years (inclusive)	4,551,978.47	944,535.53	20.75
2–3 years (inclusive)	708,965.13	309,392.38	43.64
Over 3 years	7,442,803.61	4,949,161.01	66.50
Total	<u>48,624,152.67</u>	<u>6,859,161.59</u>	<u>14.11</u>

5. **Provision, recovery or reversal of bad debt provision for the period**

Categories	Opening balance	Accrual	Changes			Closing balance
			Recovery or reversal	Write- off	Others	
Receivable with provision made on an individual basis	46,978,797.08	62,336.06	464,475.42	20,258,649.93		26,318,007.79
Receivable with provision made on a collective basis	8,506,997.26	179,082.52	1,640,482.00			7,045,597.78
Including: Related party portfolio	7,353.67	179,082.52				186,436.19
Non-related party portfolio	<u>8,499,643.59</u>		<u>1,640,482.00</u>			<u>6,859,161.59</u>
Total	<u>55,485,794.34</u>	<u>241,418.58</u>	<u>2,104,957.42</u>	<u>20,258,649.93</u>		<u>33,363,605.57</u>

Including: The details of significant bad debt recovery or reversal are as follows:

Debtors	Recovery or reversal amount	Recovery or reversal method
Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd	<u>464,475.42</u>	Liquidation of debts
Total	<u>464,475.42</u>	—

6. Accounts receivable write-off in current period

Item	Write- off
Accounts receivable write-off	<u>20,258,649.93</u>

Significant write-offs of accounts receivable are as follows:

Debtors	Nature of accounts receivable	Write- off	Reasons	Write-off procedures performed	Whether arising from related transactions
Chengdu Optical Communication Internet Development Co., Ltd and 211 other companies	Loan	20,258,649.93	Not expect to be recoverable	Board resolution	No
Total	—	<u>20,258,649.93</u>	—	—	—

7. Top five accounts receivable by debtors based on closing balance

Debtors	Closing balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
Chengdu Siwei Hi-Tech Industrial Park Co. Ltd (成都四威高科技產業園有限公司)	35,940,319.55	32.01	179,701.60
Zhuzhou CRRC Times Electric Co., Ltd.	4,051,701.14	3.61	119,930.35
Twentsche (Nanjing) Fibre Optics Ltd.	3,566,304.00	3.18	17,831.52
CRRC ZIYANG Co., Ltd.	3,031,432.54	2.70	1,189,970.65
Zhongtian Technology Optical Fiber Co. Ltd (中天科技光纖有限公司)	2,885,212.20	2.56	14,426.06
Total	<u>49,474,969.43</u>	<u>44.06</u>	<u>1,521,860.18</u>

NOTE 3 RECEIVABLES FINANCING

Item	Closing balance	Opening balance
Bank acceptance	<u>76,003,141.78</u>	<u>80,904,604.71</u>
Total	<u><u>76,003,141.78</u></u>	<u><u>80,904,604.71</u></u>

- (1) The Company often endorses bank acceptances. Its business model aims to collect cash flow from contracts as well as to sell financial assets, which is listed as “receivables financing”. Derecognition of the bank acceptances endorsed but not matured was made at the closing end.
- (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. Disclosure by aging analysis

Aging	Closing balance	Opening balance
Within 1 year	27,709,518.63	19,634,066.38
1–2 years	3,089,124.85	
2–3 years		1,008,087.88
Over 3 years	<u>1,472,029.80</u>	<u>779,842.74</u>
Total	<u><u>32,270,673.28</u></u>	<u><u>21,421,997.00</u></u>

2. Disclosure by nature of payments

Items	Closing balance	Opening balance
Material purchase	32,221,673.28	21,387,557.00
Equipment and engineering fund		26,900.00
Payable operating expense	<u>49,000.00</u>	<u>7,540.00</u>
Total	<u><u>32,270,673.28</u></u>	<u><u>21,421,997.00</u></u>

NOTE 5 OTHER COMPREHENSIVE INCOME (OCI)

Items	Opening balance	Amount before income tax for the current period	Amount for the current period					Attributable to non-controlling shareholders	Less: OCI previously recognized but transferred to retained earnings on the defined benefit plan	Less: OCI previously recognized but transferred to retained earnings in current period	Closing balance
			Less: OCI previously recognized but transferred to profit or loss in current period	Less: OCI previously recognized but transferred to amortized costs in current period	Less: hedging reserves transfer to assets or liabilities	Less: Income tax	Attributable to parent company				
1. Items not to be reclassified subsequently to profit or loss	4,896,623.69	20,172.00					20,172.00			4,916,795.69	
Changes in fair value of other equity											
Instrument investments	4,896,623.69	20,172.00					20,172.00			4,916,795.69	
2. Items to be reclassified subsequently to profit or loss											
Total OCI	4,896,623.69	20,172.00					20,172.00			4,916,795.69	

NOTE 6 OPERATING INCOME/OPERATING COST

1. Operating income and operating cost

Items	Amount for the current period		Amount for the preceding period	
	Income	Cost	Income	Cost
Main operations	250,459,268.02	207,870,808.20	259,072,812.60	251,162,000.19
Other operations	53,554,339.89	25,198,488.10	41,351,559.73	16,688,501.71
Total	304,013,607.91	233,069,296.30	300,424,372.33	267,850,501.90

2. Details of contract revenue

Categories	Copper cables and related products	Optical communication products	Total
(1) Product types			
Optical fiber products		191,141,150.66	191,141,150.66
Track cables	34,615,510.75		34,615,510.75
5G mobile intelligent terminal trade	1,630,285.04		1,630,285.04
Processing services	2,867,100.89		2,867,100.89
Optical cable components	31,745,969.60		31,745,969.60
Others	14,451,124.45		14,451,124.45
Subtotal	85,309,990.73	191,141,150.66	276,451,141.39
(2) By time of goods transfer			
Transferred at a point in time	85,309,990.73	191,141,150.66	276,451,141.39
Total	85,309,990.73	191,141,150.66	276,451,141.39

NOTE 7 TAX AND SURCHARGE

Items	Amount for the current period	Preceding period cumulative
Housing property tax	888,893.16	696,218.95
Land use tax	824,320.00	824,320.00
Urban maintenance and construction	413,684.53	93,857.79
Stamp duty	251,142.55	307,728.93
Education surcharge	202,476.53	39,862.85
Local education surcharge	92,809.91	26,575.27
Resource tax	19,851.57	37,834.85
Vehicle and vessel use tax	3,780.00	6,279.20
Total	<u>2,696,958.25</u>	<u>2,032,677.84</u>

NOTE 8 MARKETING EXPENSES

Items	Amount for the current period	Preceding period cumulative
Staff salaries	4,452,884.43	2,816,524.83
Sales service fee	497,005.62	669,066.19
Office and traveling expenses	226,254.67	389,521.60
Operating expenses	159,467.47	557,844.38
Advertising promotion fee		277,227.72
Others	218,045.99	314,991.21
Total	<u>5,553,658.18</u>	<u>5,025,175.93</u>

NOTE 9 ADMINISTRATION COSTS

Items	Amount for the current period	Preceding period cumulative
Staff salaries	45,871,479.65	69,413,279.64
Depreciation and amortization	6,104,969.08	7,181,080.05
Repairs and maintenance	2,357,554.51	1,545,878.61
Agency fee	3,691,977.19	1,788,453.95
Office and traveling fee	1,820,467.40	923,368.20
Disability Security	445,552.45	348,867.07
Utility bills	381,488.87	479,504.27
Business hospitality	76,340.42	399,913.79
Shutdown loss		12,354.84
Others	4,593,395.74	3,481,686.70
Total	<u>65,343,225.31</u>	<u>85,574,387.12</u>

NOTE 10 R&D COSTS

Items	Amount for the current period	Preceding period cumulative
Staff salaries	7,550,953.99	7,338,748.41
Depreciation of fixed assets	2,504,929.16	2,926,930.37
Materials	703,120.14	459,726.21
Others	227,673.92	1,552,738.33
Total	<u>10,986,677.21</u>	<u>12,278,143.32</u>

NOTE 11 FINANCIAL COSTS

Items	Amount for the current period	Preceding period cumulative
Interest expenditures	73,722.80	87,110.41
Less: Interest income	21,488,986.12	9,396,639.26
Gains & losses on foreign exchange	-211,716.75	-511,335.84
Bank charges	25,899.79	44,579.96
Total	<u>-21,601,080.28</u>	<u>-9,776,284.73</u>

NOTE 12 INCOME TAX EXPENSES**1. Details**

Items	Current period cumulative	Preceding period cumulative
Current period income tax expense	-101,319.54	-1,358,356.64
Deferred income tax expense	-	-
Total	<u>-101,319.54</u>	<u>-1,358,356.64</u>

2. Reconciliation of accounting profit to income tax expenses

Items	Current period cumulative
Profit before tax	1,485,557.31
Income tax expenses based on legal/applicable tax rate	222,833.60
Effect of different tax rate applicable to subsidiaries	542,869.18
Effect of adjustments to income tax in preceding periods	-101,319.54
Effect of non-taxable income	1,207,274.81
Effect of non-deductible costs, expenses and losses	74,808.14
Utilization of deductible losses not previously recognized as deferred tax assets	-2,126,526.18
Effect of deductible temporary differences or deductible losses not recognized as deferred tax assets	78,740.45
Others	
	<hr/>
Income tax expenses	<u><u>-101,319.54</u></u>

NOTE 13 ASSETS WITH TITLE OR USE RIGHT RESTRICTIONS

Items	Closing carrying amount	Reasons for restrictions
Cash and bank balance	6,184,491.32	Deposit for letter of credit and letter of guarantee
	<hr/>	
Total	<u><u>6,184,491.32</u></u>	–

VII. CHANGES IN THE CONSOLIDATION SCOPE

The number of entities brought into the consolidation scope during the current period decreased by one as compared with the preceding period. According to the resolution of the 2022 First Extraordinary General Meeting held on 27 September 2022, the Company merged with its wholly-owned subsidiary Chengdu Zhongling Wireless Communication Cable Co., Ltd by way of absorption during the current period.

VIII. INTEREST IN OTHER ENTITIES

a) Interest in subsidiaries

i. Composition of the Group

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 PUTIAN New Material Co., Ltd	Chengdu	Chengdu	Manufacturing	100.00		Business combination not under common control

ii. Significant partially-owned subsidiaries

Subsidiaries	Holding proportion of non-controlling shareholders (%)	Profit or loss attributable to non-controlling shareholders in the current period	Dividends declared to non-controlling shareholders in the current period	Closing balance of non-controlling interests	Notes
Chengdu SEI Optical Fiber Co., Ltd	40.00	3,811,138.07		87,733,321.82	

iii. Main financial information of significant partially-owned subsidiaries

The main financial information of these subsidiaries is the amount before the intracompany transaction offset, but the adjustment to the 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	189,369,004.78	177,534,318.16
Non-current assets	43,658,751.31	51,323,984.45
Total assets	233,027,756.09	228,858,302.61
Current liabilities	12,386,551.49	17,553,543.18
Non-current liabilities	1,307,900.00	1,499,300.00
Total liabilities	13,694,451.49	19,052,843.18
Operating income	191,141,150.66	152,903,714.20
Net profit	9,527,845.17	-13,404,627.04
Total comprehensive income	9,527,845.17	-13,404,627.04
Cash flow of operational activities	-21,665,567.46	50,410,175.31

b) Interest in associates

i. Significant associates

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

ii. Main financial information of significant associates

Item	Amount for closing balance/current period	
	Chengdu Bada Socket Connector Co., Ltd.	Putian Fasten Cable Telecommunication Co., Ltd.
Current assets	33,260,269.58	1,421,531,083.37
Non-current assets	4,084,586.08	120,502,397.35
Total assets	37,344,855.66	1,542,033,480.72
Current liabilities	28,318,363.08	909,991,619.88
Non-current liabilities	2,246,334.08	297,650,977.55
Total liabilities	30,564,697.16	1,207,642,597.43
Non-controlling interests	966,808.68	
Equity attributable to owners of parent company	5,813,349.82	334,390,883.29
Share of net assets calculated according to shareholding ratio	2,848,541.41	33,439,088.33
Adjustments		
— Goodwill		1,418,109.36
— Unrealized profits from internal transactions		
— Other		
Carrying amount of investments in associates	2,848,541.41	34,857,197.69
Fair value of equity investments in associates with quoted price		
Operating income	148,001,206.51	479,457,044.31
Net profit	-3,629,258.68	-60,954,985.93
Net profit of discontinued operations		
Other comprehensive income		
Total comprehensive income	-3,629,258.68	-60,954,985.93
Dividend from associates received in current period		

Item	Amount for closing balance/current period	
	Chengdu Bada Socket Connector Co., Ltd.	Putian Fasten Cable Telecommunication Co., Ltd.
Current assets	84,383,733.99	1,419,298,252.30
Non-current assets	5,893,589.63	146,363,395.18
Total assets	90,277,323.62	1,565,661,647.48
Current liabilities	78,369,295.22	898,643,404.19
Non-current liabilities	1,050,783.64	271,672,374.07
Total liabilities	79,420,078.86	1,170,315,778.26
Non-controlling interests	1,058,180.41	
Equity attributable to owners of parent company	9,799,064.35	395,345,869.22
Proportionate share in net assets	4,801,541.53	39,534,586.92
Adjustments		
— Goodwill		1,418,109.36
— Unrealized profits from internal transactions		
— Other		
Carrying amount of investments in associates	4,801,541.53	40,952,696.28
Fair value of equity investments in associates 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		

IX. 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 VIII (a) Interests in subsidiaries for the details of the subsidiaries

(III) The Company's Associates

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

(IV) Other related parties

Other related parties	Relationship between the Company and related parties
the 23th Research Institute of China Electronics Technology Group Corporation	Under common control
the 40th Research Institute of China Electronics Technology Group Corporation	Under common control
Beijing Tairuite Certification Co., Ltd.	Under common control
China Electronics Technology Group Corporation eighth Research Institute	Under common control
the 29th Research Institute of China Electronics Technology Group Corporation	Under common control
Chengdu SIWI High-Tech Industrial Co, Ltd.	Under common control
China Potevio Company Limited	Under common control
China PUTIAN Corporation	Under common control
Nanjing Putian Telega Intelligent Building Ltd.	Under common control
Chengdu Xike Microwave Communication Co., Ltd.	Under common control
Chengdu Branch of China Potevio Company Limited	Under common control
Zhuzhou Putian Telecommunications Company Limited	Under common control
Chengdu Siwi Electronic Co., Ltd	Under common control
Hangzhou Hongyan Digital Marketing Co., Ltd.* (杭州鴻雁數字營銷有限公司)	Under common control
Sumitomo Electric Industries (Shen Zhen) Ltd.	Entity controlled by ultimate controller of shareholder holding more than 5% of the subsidiary's shares
Sumitomo Electric Asia 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

- 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.*
- Purchase and sale of goods, rendering and receiving of services*

Related party	Content of transaction	Amount for the current period	Amount for the preceding period
Sumitomo Electric Industries (Shen Zhen) Ltd	Purchase of raw material	86,314,515.67	48,293,266.08
Chengdu Bada Socket Connector Co., Ltd.	Purchase of raw material	14,497,801.25	
the 23th Research Institute of China Electronics Technology Group Corporation	Purchase of raw material	3,536,818.59	
the 40th Research Institute of China Electronics Technology Group Corporation	Purchase of raw material	2,325,684.41	
Sumitomo Electric Asia Ltd	Purchase of raw material	674,069.99	578,197.67
Sumitomo Electric Industries Ltd.	Receiving of service	203,459.65	108,913.88
Beijing Tairuite Certification Co., Ltd.	Training fees	77,426.42	
China Electronics Technology Group Corporation eighth Research Institute	Purchase of raw material	31,477.88	
the 29th Research Institute of China Electronics Technology Group Corporation	Purchase of raw material	12,530.97	
Total	—	<u>107,673,784.83</u>	<u>48,980,377.63</u>

- Sale of goods and rendering of services*

Related party	Content of transaction	Amount for the current period	Amount for the preceding period
Chengdu Siwei High-tech Industrial Park Co., Ltd.	Sale of components	31,745,969.60	
Chengdu Bada Socket Connector Co., Ltd.	Sale of water and electricity	476,319.13	563,734.88
Chengdu Bada Socket Connector Co., Ltd.	Sale of copper wire	4,867.26	35,964,916.99
Chengdu Bada Socket Connector Co., Ltd.	Provide processing services	1,203.54	247,111.01
China Electronics Technology Group Corporation eighth Research Institute	Sale of optical fiber	2,700,712.22	1,079,469.73
Total	—	<u>34,929,071.75</u>	<u>37,855,232.61</u>

4. *Related party leases*

The Company as leaser

Lessees	Types of assets leased	Lease income for current period	Lease income for the preceding period
Chengdu Bada Socket Connector Co., Ltd. the 29th Research Institute of China	leasing buildings	1,733,419.56	846,414.19
Electronics Technology Group Corporation	leasing buildings	339,690.80	
Chengdu Siwi Electronic Co., Ltd	leasing buildings	327,275.00	124,550.00
Chengdu Siwei High-tech Industrial Park Co., Ltd.	leasing buildings	61,904.00	
Chengdu Seekon Microwave. Communications Co., Ltd.	leasing buildings	14,045.00	
Total	—	<u>2,476,334.36</u>	<u>970,964.19</u>

5. *Related party guarantees*

The Company as guaranteed parties

Guarantors	Amount guaranteed	Commencement date	Maturity date	Whether the guarantee is mature
China PUTIAN Corporation	<u>4,822,391.72</u>	1997/2/21	2033/2/21	No
Total	<u>4,822,391.72</u>	—	—	—

6. *Key management's emoluments*

Items	Amount for the current period	Amount for the preceding period
Emoluments	150,000.12	154,166.79
Wage, bonus, allowance and subsidy	3,106,394.11	1,990,256.34
Payment of pension plan	294,312.96	226,730.88
Housing provident fund	162,537.00	96,468.00
Other interest	206,250.91	138,708.74
Total	<u>3,919,495.10</u>	<u>2,606,330.75</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		
Executive directors:							
Li Tao							
Wu Xiaodong							
Hu Jiangbing							
Zhu Rui							
Jin Tao							
Chen Wei							
Li Jianyong							
Independent non-executive directors:							
Fu Wenjie	50,000.04						50,000.04
Zhong Qishui	50,000.04						50,000.04
Xue Shujin	16,666.68						16,666.68
Xiao Xiaozhou	33,333.36						33,333.36
Supervisors:							
Wang Cheng							
Gao Bo		14,000.00	2,224.00		5,141.68		21,365.68
Liu Jun		264,663.61	11,855.00		47,540.88		324,059.49
Xiong Ting		330,559.00	13,820.00		55,565.78		399,944.78
Total	<u>150,000.12</u>	<u>609,222.61</u>	<u>27,899.00</u>		<u>108,248.34</u>		<u>895,370.07</u>

(Continued)

Items	Emoluments	Preceding period comparative				Benefit in kind	Total
		Wage, bonus, allowance and subsidy	Housing provident fund plan	Payment of pension plan	Other social insurance premiums		
Executive directors:							
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							
Liu Yun							
Li Tao							
Li Jianyong							
Wu Xiaodong							
Zhu Rui							
Jin Tao							
Independent non-executive directors:							
Mao Yaping	29,166.69						29,166.69
Fu Wenjie	20,833.35						20,833.35
Xiao Xiaozhou	50,000.04						50,000.04
Feng Gang	45,833.37						45,833.37
Zhong Qishui	8,333.34						8,333.34
Supervisors:							
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>

8. *Five highest-paid employees*

The five employees whose emoluments were the highest for the year include 0 (1 in 2021) directors whose emoluments are reflected in the section IX(V)7. Directors' and supervisors' emoluments of Notes to the Financial Statements. The total emoluments payable to the remaining 5 (4 in 2021) non-director employees during the year are as follows:

Items	Amount for the current period	Amount for the preceding period
Salaries, bonuses, allowances and subsidies	2,169,454.00	1,220,783.33
Payment of pension plan	186,134.40	141,492.48
Housing provident fund	117,906.00	38,400.00
Other social insurance	145,439.41	77,359.50
Total	<u>2,618,933.81</u>	<u>1,478,035.31</u>

9. The ranges of emoluments payable to 5 (4 in 2021) non-director employees during the year are as follows:

Items	Number of individuals (2022)	Number of individuals (2021)
HK\$ nil–HK\$1,000,000	<u>5</u>	<u>4</u>

10. Balance due to or from related parties

Items	Related parties	Closing balance		Beginning balance	
		Book value	Bad debt allowance	Book value	Bad debt allowance
Receivables financing		977,806.40			
	The 8th Research Institute of China Electronics Technology Group Corporation* (中國電子科技集團公司第八研究所)	977,806.40			
Accounts receivable		38,196,934.37	1,090,761.15	2,681,973.00	1,375,753.11
	Chengdu Siwei High-tech Industrial Park Co., Ltd.	35,940,319.55	179,701.60		
	China Potevio Company Limited	1,335,163.14	878,400.29	1,335,163.14	878,400.29
	Chengdu Bada Socket Connector Co., Ltd.	642,318.24	3,211.59	217,955.79	1,089.78
	Chengdu Siwi Power Electronic Technology Co., Ltd.	152,852.00	764.26	33,761.00	168.81
	China Electronics Technology Group Corporation eighth Research Institute	72,747.20	363.74	591,952.80	2,959.76
	Nanjing Putian Telega Intelligent Building Ltd.	28,192.96	28,192.96	28,192.96	28,192.96
	Chengdu Xike Microwave Communication Co., Ltd.	15,285.20	76.43		
	Chengdu Yuexin Telecommunications Materials Co., Ltd.	10,056.08	50.28	10,056.08	50.28
	Chengdu Branch of China Potevio Company Limited			304,891.23	304,891.23
	Zhuzhou Putian Telecommunications Company Limited			160,000.00	160,000.00
Advance payment		5,554,399.53		475,445.72	
	Sumitomo Electric Industries (Shen Zhen) Ltd.	4,843,036.84			
	Sumitomo Electric Asia Ltd	711,362.69		475,445.72	
Other receivables		1,959,272.09	9,796.36	1,807,995.98	9,039.98
	China Potevio Company Limited	1,786,828.82	8,934.14	1,786,828.82	8,934.14
	Chengdu Bada Socket Connector Co., Ltd.	76,353.67	381.77		
	Chengdu Siwei High-tech Industrial Park Co., Ltd.	74,922.44	374.61		
	Chengdu Yuexin Telecommunications Materials Co., Ltd.	21,167.16	105.84	21,167.16	105.84

(2) Balance due to related parties

Items	Related parties	Closing balance	Beginning balance
Advances from customers		169,845.40	
	The 29th Research Institute of China Electronics Technology Group Corporation	169,845.40	
Account payable		5,113,017.76	10,838,692.08
	the 40th Research Institute of China Electronics Technology Group Corporation	2,325,684.41	
	the 23th Research Institute of China Electronics Technology Group Corporation	1,767,061.95	
	Chengdu Yuexin Telecommunications Materials Co., Ltd.	993,304.33	993,304.33
	Hangzhou Hongyan Digital Marketing Co., Ltd.	26,967.07	
	Sumitomo Electric Industries (Shen Zhen) Ltd.		9,844,638.23
	Chengdu Bada Socket Connector Co., Ltd.		749.52
Other payables		1,777,230.06	1,643,805.04
	China Potevio Company Limited	1,440,800.00	1,440,800.00
	Chengdu Bada Socket Connector Co., Ltd.	167,863.66	63,716.00
	Sumitomo Electric Industries Ltd.	88,566.40	59,289.04
	Chengdu Yuexin Telecommunications Materials Co., Ltd.	80,000.00	80,000.00

X. EVENTS AFTER THE BALANCE SHEET DATE

Important Non-Adjusting Events

On 28 February, 2023, The Company listed the 49% equity interest held by the Company in Chengdu Bada on the Chongqing United Property Exchange for public tender for a period of 20 working days commencing from 28 February, 2023 to 27 March, 2023. The preliminary bidding price is approximately RMB4,321,600. After the completion of the disposal, the Company will no longer hold any equity interest in Chengdu Bada.

Apart from the aforementioned post-balance sheet events, as of the date of approval of the financial report, there were no other significant post-balance sheet events that should have been disclosed but were not disclosed by the Company.

XI. OTHER SIGNIFICANTS EVENTS

(I) Correction of early accounting errors

No early accounting errors in the use of prospective approach are found in this reporting period.

(II) Segment information

i. 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(loss) 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.

When the total amount of revenue from external transactions of the operating segment under the reporting segment determined according to the above accounting policies does not account for 75% of the total consolidated revenue, the number of reporting segments will be increased by including other operating segments not as reporting segments into the scope of reporting segments according to the following provisions until the proportion reaches 75%:

- (1) Determine the operating segment that the management believes the disclosure of the operating segment information is useful to the users of accounting information as the reporting segment;
- (2) The operating segment is merged with one or more other operating segments with similar economic characteristics and meeting the conditions for business segment merger 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.

ii. *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.

iii. Reporting segment

Items	Copper cables and related products	Closing balance/Current period amount			Total
		Optical communication products	Wire casings and related products	Elimination	
1. Operating Revenue	135,802,908.11	191,141,150.66	12,474,017.78	-35,404,468.64	304,013,607.91
Including: External transaction revenue	100,398,439.47	152,903,714.20	14,139,749.00		267,441,902.67
Revenue between segments	35,404,468.64			-35,404,468.64	
2. Operating Cost	142,789,375.14	178,769,301.74	9,894,526.73	-66,490,279.30	264,962,924.31
Including: Depreciation and Amortization	9,441,926.86	7,812,368.57	2,884,863.36		20,139,158.79
3. Investments income in associates and joint ventures	-8,048,498.71				-8,048,498.71
4. Credit loss	2,596,277.67	-59,410.69	262,847.77	-160,529.07	2,639,185.68
5. Asset impairment loss	-2,113,631.28	-3,057,871.13			-5,171,502.41
6. Total profits	-13,187,836.08	9,527,845.17	5,306,077.29	-160,529.07	1,485,557.31
7. Cost of income tax	-101,319.54				-101,319.54
8. Net profit	-13,086,516.54	9,527,845.17	5,306,077.29	-160,529.07	1,586,876.85
9. Total asset	808,452,360.07	233,027,756.09	85,869,301.95	-109,354,010.61	1,017,995,407.50
10. Total liabilities	116,607,476.83	13,694,451.49	49,682,392.31	-5,569,394.14	174,414,926.49
11. Other important non cash items	63,300.00	132,035.00			195,335.00

c) Leases

The Company is a lessor

i. Operating lease

1. lease income

Items	Amount for the current period	Amount for the preceding period
Lease income	27,562,466.52	26,613,581.50
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	19,411,889.61	16,931,714.69
1–2 years	13,370,787.51	7,630,110.70
2–3 years	6,846,248.92	5,135,520.00
Over 3 years	3,934,203.88	3,573,409.74
Total	<u>43,563,129.92</u>	<u>33,270,755.13</u>

- ii. Other information

Categories of underlying assets	Amount (m ²)	Lease term	Whether the lease contains renewal option or not
Plants; offices	102,132.50	From 1/1/2022 to 30/4/2027	Yes

XII. OTHER SUPPLEMENTARY INFORMATION

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

Item	Amount	Remark
Gains on disposal of non-current assets	-44,631.64	
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)	3,037,972.31	
The reversals of accounts receivables impairment provision subject to separate impairment testing	464,475.42	
Other non-operating revenue or expenditures	1,008,609.20	
Other profit or loss satisfying the definition of non-recurring profit or loss	-1,378,247.53	Tax and fee reduction and one-off provision of retiring benefits
Less: Business income tax effects		
Non-controlling interest affected (after tax)	<u>107,967.63</u>	
Total	<u>2,980,210.13</u>	

(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	-0.29	-0.01	-0.01
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	-0.69	-0.01	-0.01

2. Calculation process of weighted average RONA

Item	Symbol	Amount for the current period
Net profit attributable to shareholders of ordinary shares	A	-2,224,261.22
Non-recurring profit or loss	B	2,980,210.13
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	-5,204,471.35
Opening balance of net assets attributable to shareholders of ordinary shares	D	754,883,248.41
Net assets attributable to shareholders of ordinary shares increased due to offering of new shares or conversion of debts into shares	E	3,168,000.00
Number of months counting from the next month when the net assets were increased to the end of the reporting period	F	9
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	20,172.00
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
Weighted average net assets	$L=D+A/2+E \times F /$ $K-G \times H / K \pm I \times J / K$	756,157,203.80
Weighted average RONA	$M=A / L$	-0.29%
Weighted average RONA after deducting non-recurring profit or loss	$N=C / L$	-0.69%

3. Calculation process of basic EPS and diluted EPS

(1) Calculation process of basic EPS

Item	Symbol	Amount for the current period
Net profit attributable to shareholders of ordinary shares	A	-2,224,261.22
Non-recurring profit or loss	B	2,980,210.13
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	-5,204,471.35
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	$L=D+E+F \times G / (K-H \times I / K-J)$	400,000,000.00
Basic EPS	$M=A/L$	-0.01
Basic EPS after deducting non-recurring profit or loss	$N=C/L$	-0.01

(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

2022 is a crucial year for the Group to deepen reform, integrate services and develop new prospects, and strive to achieve the goal of “reforming and turning losses into profits”. During the Year, the Group actively responded to internal and external issues by focusing on its main business, market research and development and management improvement, and took measures to achieve phased results.

I. Focusing on main business and top-level planning

During the Year, the Group strengthened the awareness of its main responsibilities and main businesses, determined the strategic development goals for 2023-2025, re-deployed its business segments, and formed four main business structures, i.e. optical cable component business, cable manufacturing business, optical fiber and optical device business and park operation business.

Optical cable component business: The Company planned the establishment of a material procurement, material unification and quality control system and obtained the GJB Weapon and Equipment Quality Management System Certification. We have started to layout the supporting business to serve the military market by introducing the cable assembly business, which has established its production capacity and formally undertook orders.

Cable manufacturing business: The Company overcame the impact of unfavourable factors such as containment and closures policies during the COVID-19 pandemic, high temperature and power curtailment, and environmental protection and production limitation, thereby strengthening production organisation and management, fully utilising the available production time to arrange production plans reasonably, which would basically ensure the delivery needs of customers. Meanwhile, the Group improved the drawing, stranding and extrusion processes to reduce wastage, reduce costs and increase efficiency, thus turning losses into profits in spite of the overall decrease in revenue.

Optical fiber and optical device business: Grasping the opportunity of the recovery of the optical fiber market, the Group optimised its product structure and maintained the continuous growth of sales of optical fiber products with high gross profit. On the other hand, we have taken measures to reduce costs and increase efficiency, such as reducing the unit consumption of helium and carrying out helium recycling, and achieved a 115% completion rate for the business operating revenue target.

Park operation business: The Company has clarified the positioning of the military electronic industry supply chain base, and actively introduced military-civilian integration enterprises through adjusting the industrial direction of recruiting resident enterprises in the park, carrying out rent assessment, establishing the accounts receivable collection mechanism, strengthening the management of resident enterprises, in order to realise the compliance of park operation business and improve the core competitiveness of the park.

II. Strengthening technology research and development capabilities and enhancing market competitiveness

The Group attaches great importance to product research and development and formulates product development plans to enhance the core competitiveness of its products. During the year, product development plans were formulated, the Company's product development direction was clarified; project development proposals for rail transit cables and fluoropolymer cables for aerospace were prepared; sample manufacturing of 13 types of non-certified thin-walled cables and sample production of 2 series of thin-walled cables for certification (CRCC) were completed; process design, proofing plan, main material determination and sample conductor processing of silicon rubber insulated rail transit cable were completed; research and development of domestic substitution of imported cables were carried out; development and sample delivery of low-loss optical fiber and thin-diameter bending-resistant optical fiber were completed; the ordinary version and the thin-diameter version of the guide fiber have passed the conventional process test and the reliability test; regular and fine-diameter optical fibers have passed the routine process test and reliability test; the development and testing of optical fiber rings and wavelength division multiplexing samples for trial production were completed.

III. Consolidating the foundation and improving management capability

1. Improving party building management ability

During the year, the Company signed a pairing and co-construction agreement with 7 branches of the higher-level party committee to carry out support and docking to strengthen the Company's basic work for party building; promoted the improvement of relevant management systems in business activities and clarified the responsible management departments with reasonable suggestions through the "strengthening foundation action" of party building and the implementation of inspection and rectification measures; a general manager's mailbox was set up to solve employees' urgent needs and expectations. Conducting large-scale discussion on the ideology of "Strive for Improvement and Living in the Face of Danger" and unifying the thoughts of the employees to promote the reform and development of the Company; organising cultural tracing activities for more than 60 people, including management, cadres and members of the Company.

2. *Adjustment of organisational structure*

Positioned as an operation-oriented headquarters and based on the principle of streamlining management institutions and improving management efficiency, the Company carried out two organisational reforms, which effectively solved the problems of inconsistency between responsibilities and actual practices and the overlapping functions and dispersion of the original organisational structure, gave full play to business synergy, financial synergy and management synergy, and built the Company into a modern technology enterprise with sustainable profitability and efficient operation.

3. *Improving the institutional system*

In accordance with 29 types of systems such as functional management and business management, the Company established the framework of the Company's institutional system, organised various functional departments to design and plan the system in different categories and batches, comprehensively sorted out the weaknesses of the system, improved the basic systems and supporting systems in various business areas, improved the quality of various systems, enhanced the rigid constraints of the systems, and established an effective, practical and practical system to ensure that the Company's functional departments and all levels of business activities are carried out in an orderly manner. Currently, the Company is operating 133 systems, of which 44 have been newly added, 48 have been revised, and 85 have been abolished.

4. *Continuous construction of risk prevention and control system*

During the Year, the Company further enhanced the awareness of risk prevention, continued to improve the internal control system, completed the whole-level risk investigation, and implemented the quarterly monitoring of major risks and the risk classification and testing indicator system; carried out self-inspection and self-correction on the construction of four internal control systems in respect of capital, contract, procurement and sales, and completed rectification of defect; carried out comprehensive investigation of compliance risks of business operations, prepared self-inspection reports, and continued to rectify the compliance management issues of business operations.

5. *Strengthening internal supervision and discipline enforcement*

The Company continued to strengthen internal supervision by applying “Four Forms” of discipline supervision, improved the construction of supervision system, and revised the Working Rules of the Discipline Inspection Commission and other systems. We carried out warning education and training on “Party Conduct and Clean Government — Warning Case Education” to promote the performance of duties and integrity in accordance with the law.

6. *Reforming human resources mechanism to stimulate corporate vitality*

During the Year, the Company promoted the reform of the human resources mechanism and adjusted the personnel structure through external recruitment and internal transfer in combination with organisational structure adjustment. By strengthening business training, the quality of the team was improved to facilitate the sound development of the Company. During the year, the Company focused on supplementing production personnel and recruiting highly educated talent with university degrees or higher. After adjustment, the average age of on-the-job employees was reduced by 2.7 years old; the proportion of employees with a college degree or above increased by 15.7%. The Company actively implemented the reform of the remuneration incentive system, strengthened the correlation between assessment and remuneration distribution, which broke the original distribution principle, and conducted pilot programmes in key departments to effectively motivate employees.

7. *Continuous promotion of reduction of legal person*

During the year, the Company successfully completed the merger and acquisition of its subsidiary, Chengdu Zhongling Wireless Communication Cable Co., Ltd (“**Zhongling**”). Zhongling completed the tax and industrial and commercial deregistration on 14 December 2022. According to the strategic development plan of the Company, on 29 December 2022, the Company listed and transferred its 10% equity interest in Putian Fasten Cable Telecommunication Co., Ltd. on Chongqing United Assets and Equity Exchange. In order to improve the asset quality of the Company, the Company continued to carry out the liquidation and withdrawal of associates. The bankruptcy application of Chengdu Yuexin Communication Materials Co., Ltd. and the compulsory liquidation of Sichuan New Dragon Network Technology Co., Ltd. have been accepted by the court.

8. *Strengthening asset investment and disposal*

In order to ensure the safety of state-owned assets, the Company conducted a comprehensive stock taking of the Company's existing fixed assets and set up a special team to stocktake a total of 1,115 inventory of 4 type of fixed assets including vehicles, computer equipment, instruments and equipment; a three-level leadership review mechanism has been established to standardise the application process for fixed asset investment plans of departments that put forth their needs, carry out technical verification of 319 assets applied for scrapping at all levels of the Company, and submit to the superior units for review and approval, standardise the asset disposal process, and strengthen daily supervision.

9. *Coordinating the special settlement of Two Funds*

In order to strengthen the collection of receivables, control "Two Funds" and reduce the risk of bad debts, the Company has formulated a special collection plan and assigned it to specific personnel, analysed on a monthly basis, focused on promoting and comprehensively cleaned up the receivables. We formulated follow-up clean-up measures by category to further consolidate the conditions for write-off of receivables, and carried out write-off of receivables in accordance with the process to effectively improve the quality of existing receivables and alleviate the pressure of "Two Funds".

FINANCIAL ANALYSIS

Turnover

During the Year, the turnover of the Group amounted to RMB304,013,607.91, representing an increase of 1.19% as compared with RMB300,424,372.33 for the year ended 31 December 2021 (the "**Previous Year**"). The increase in turnover was due to the establishment of cable component assembly business and the increase in revenue from optical fiber products as a result of the recovery in the optical fiber market during the Year.

During the Year, the turnover of the Company was RMB109,375,897.33, representing a decrease of 27.75% as compared to the corresponding period of the Previous Year. The turnover of the optical fiber and optical device business was RMB191,141,150.66, representing an increase of 25.01% as compared with the Previous Year; the turnover of the optical cable component business was RMB31,745,969.60; the turnover of the cable manufacturing business was RMB34,615,510.75, representing a decrease of 20.7% as compared with the Previous Year; and the turnover of the park operation business was RMB50,581,590.45, representing a decrease of 0.29% as compared with 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 RMB2,224,261.22, while a net loss attributable to equity holders of the Company of RMB52,268,290.85 was recorded for the Previous Year.

Asset Structure Analysis

The Group's total assets increased by 1.34% from RMB1,004,554,108.28 as at 31 December 2021 to RMB1,017,995,407.50 as at 31 December 2022, of which total current assets amounted to RMB751,923,412.13, accounting for 73.86% of the total assets and representing an increase of 5.32% as compared with RMB713,915,618.95 as at 31 December 2021. Property, plant and equipment amounted to RMB188,199,309.59, accounting for 18.49% of the total assets and representing a decrease of 8.43% as compared with RMB205,528,990.69 as at 31 December 2021.

As at 31 December 2022, the Group's bank deposits and cash totaled RMB485,368,181.46, representing an increase of 1.46% as compared with RMB478,366,924.31 as at 31 December 2021.

Debt Structure Analysis

As at 31 December 2022, the Group's total liabilities amounted to RMB174,414,926.49, representing an increase of 5.23% as compared with RMB165,748,676.12 as at 31 December 2021, of which the current liabilities amounted to RMB83,924,625.37, accounting for 48.12% of the total liabilities and representing an increase of 19.75% as compared with RMB70,080,475.44 as at 31 December 2021; non-current liabilities were RMB90,490,301.12, accounting for 51.88% of the total liabilities and representing a decrease of 5.41% as compared with RMB95,668,200.68 as at 31 December 2021.

Non-current Liabilities or Loans

As at 31 December 2022, 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 RMB4,822,391.72 (equivalent to EUR649,700). 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 2022, the Group's gearing ratio (total liabilities divided by total assets) was 17.13%, representing an increase of 0.63 percentage points as compared with the gearing ratio of 16.5% as at 31 December 2021. 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 marketing expenses, administration expenses, research and development expenses and finance expenses amounted to RMB5,553,658.18, RMB65,343,225.31, RMB10,986,677.21 and RMB-21,601,080.28, representing an increase of 10.52%, a decrease of 23.64%, a decrease of 10.52% and a decrease of RMB11,824,795.55 respectively as compared with RMB5,025,175.93, RMB85,574,387.12, RMB12,278,143.32 and RMB-9,776,284.73 respectively in the Previous Year.

Analysis of Financial Resources

As at 31 December 2022, the Group's bank and other short-term loans (inclusive of loans due within one year) were RMB4,822,391.72, representing a decrease of 5.88% as compared with RMB5,123,460.47 as at 31 December 2021. As the Group had comparatively sufficient bank deposits and cash of RMB485,368,181.46, 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 2022, the Group's account receivables and notes receivables amounted to RMB78,930,240.49 and RMB0 respectively, representing an increase of 25.32% and a decrease of 100% respectively as compared with RMB62,983,956.72 and RMB1,310,722.32 respectively as at 31 December 2021.

As at 31 December 2022, the Group's current assets amounted to RMB751,923,412.13 (as at 31 December 2021: RMB713,915,618.95), current liabilities were RMB83,924,625.37 (as at 31 December 2021: RMB70,080,475.44), the annual receivables turnover period was 102 days and the annual inventory turnover period was 123 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 RMB-22,658,424.19, representing a decrease of RMB71,137,974.68 as compared with RMB48,479,550.49 in the Previous Year.

During the Year, the Group spent RMB1,542,201.34, representing an increase of RMB602,614.46 as compared with RMB939,586.88 in the Previous Year, for the purchase of property, plant and equipment and expenditure on the construction in progress.

As at 31 December 2022, the Group's liabilities and shareholders' equity amounted to RMB1,017,995,407.50 (as at 31 December 2021: RMB1,004,554,108.28). The Group's interest expenses amounted to RMB73,722.80 for the Year (for Previous Year: RMB87,110.41).

Contingent Liabilities

As at 31 December 2022, the Group did not have any contingent liabilities (as at 31 December 2021: Nil).

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 RMB2,590,700 during the Year (Previous Year: approximately RMB2,928,100). 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 jointly issued by the Science and Technology Department of Sichuan Province, the Sichuan Provincial Department of Finance and the Sichuan Provincial Taxation Bureau of the State Administration of Taxation 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.

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).

STAFF AND REMUNERATION POLICY OF THE GROUP

As at 31 December 2022, the Group had 528 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 offers vocational and skills development training programs to its staff.

BUSINESS OUTLOOK

In 2023, the Group will respond to the call of manufacturing power and quality power, implement innovation-driven development, take the domestic substitution as an opportunity. Combining with the actual situation of the Group, the Group will determine the business development direction of “Optoelectronic and Interconnected Products”, build the park operation and development positioning of “Military Electronics Industry Supply Chain Development Demonstration Base” and the industrial strategic goal of building “Southwest High-end Intelligent Manufacturing Centre”. From pure cable to cable assembly, and from single communication optical fiber to special optical fiber and optical device, we strive to achieve transformation and development of our own capabilities. Focusing on the positioning of the park, the Group will target high-end and advanced enterprises in the upstream and downstream of military electronics to create a demonstration site of “building a strong chain of circles”, improve the quality of the park and promote the value of the park.

I. Party building

Improving the basic work level of party building, strengthening characteristic party building, and building a virtuous cycle of promoting business through party building

We implement the main responsibility of the Party Committee and continue to rectify problems. We will implement the spirits of the 20th National Congress of the CPC and the higher-level Party congress, highlight the political leading role, implement the main responsibility of the Party Committee, and stay focused in various tasks during the “post-epidemic” period. We will adhere to the rectification of inspection problems, ensure that the problems reported in the inspection are addressed and the issues are responded to.

We focus on the construction of basic-level organisations to facilitate the business development of the Company. We will further strengthen the basic work of Party building in accordance with the requirements of Party building assessment. We will strengthen the construction of grass-roots branches and trade unions. We will build a Party building brand with characteristics of branches and carry out special competition activities based on the business development of the Company; we will organise labour competitions to unleash the innovative and creative potential of employees, and to promote the high-quality development of the Company.

We strengthen political theory learning and play the leading role of Party building. We will pay close attention to the learning and publicity of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the 20 spirit of the Party, firmly grasp the main line of learning, and enhance the consciousness and urgency of learning based on the actual situation.

We deepen the construction of Party conduct and clean governance, and strictly regulate the discipline of cadres. The Company will continuously strengthen the supervision of the Party, effectively play the role of supervision as a “probe” and deepen the application of the four forms of “supervision and discipline enforcement”; we will continue to deepen the construction of work style, address the “four wind issues” and rectify formalism and bureaucracy; we will optimise and improve the methods and contents of internal supervision, strengthen self-supervision, and effectively prevent the “dark under the light” problem.

We lead the mass work and adhere to the correct public opinion orientation. We will adhere to Party building to lead construction and team building, and give full play to the advantages and role of group organisation; we will organise and carry out the work of “love and contribution” for the representatives outside the Party, and give full play to the unique advantages of the united forces; focusing on the theme of publicity, we will innovate publicity ideas, adhere to the correct public opinion orientation, and promote positive energy.

We effectively improve risk prevention and response capabilities. The Company will continuously implement monthly and quarterly monitoring of major risks to ensure that no major risk events occur and properly report risk events; we will strengthen the construction and supervision of the Company’s internal control system, and carry out the annual self-evaluation of internal control; we will continuously optimise and refine the Company’s risk control, compliance and internal control manual; we carried out risk control and compliance internal control training to cultivate employees’ awareness of protection of the Company and management ability of risk prevention and compliance with laws and regulations.

II. Business development

Comprehensive market analysis and optimisation of existing customers

We will further develop the market segment of rail transportation cables, enrich the product categories of rail transportation cables, develop thin-walled series products to form bulk supply, and prepare for the capability of silicon rubber products. We will expand the functionality of products, refine the product market, actively strive for the market share of high-margin optical fiber products to ensure the realisation of profits; in response to the demand from overseas markets, we will launch optical fibers with thick mode-field diameter and optical fibers with thin diameter to fill the gaps and increase sales volume; we will strengthen technology cooperation and launch new optical fiber and optical device products.

Exploring new markets in terms of optoelectronic and interconnection

According to the three-year plan, we will promote the development of new products in an orderly manner, establish the research and development and production capacity of optical fiber cable components, achieve full coverage of photoelectric interconnection products, and explore new customers at the same time. We will expand the product range of optical fibers, optical devices and components, and develop special optical fibers for the military market; we will actively introduce new types of optical fibers for specific applications and deploy high-end products with high profit margin; we will attempt new optical fibers and fiber rings and conduct marketing. We will cultivate the military cable market segments such as fluoroplastic cables and optical cables, build the manufacturing capacity of high-temperature conductors, precision control cables, special optical cables and other products, develop the specialised market segment for military and civilian products integration industry, and gradually develop the derivative halogen-free flame-retardant cross-linked polyolefin products and civil fluoroplastics products.

Strengthening cooperation with government and enterprises to enhance the operation and service capability of the park

Relying on the resource advantages of local governments, we scientifically plan the industrial mapping of the park, adjust and optimise the industrial layout, lay a solid foundation for the development of military electronics high-tech enterprise clusters, and build an integrated development ecology of the industrial chain. With problem-oriented and innovative management and operation mode, the park will improve its management efficiency, management capacity and service capability through information construction. Led by the customer demand, the park will improve the development space of the industry, strengthen the resource allocation, optimize the energy supply system and improve the quality of services.

Building integrated supply chain system capabilities to improve production organisation efficiency

We will sort out and optimise the business process system with planning management as the main objective, build a secondary plan management system based on product/project classification, improve the plan management ability, and build a solid foundation for the capability of integrated supply chain system. Guided by the planning objectives and starting with the planning and assessment, we will promote the integration of cross-department resources, strengthen the awareness of collaborative management with the mindset of integrated supply chain management, and improve the overall operational efficiency.

III. Management improvement

We will carry out the process construction of the system to ensure the process and process standardisation of the system. We will further sort out and improve the rules and regulations, identify and rectify deficiencies, and solve the problem of conflicts and suitability of the system. With reference to the Company's system, we will sort out and standardise the business and management processes, and promote the practical implementation of the system process through information means. We will focus on regulating the processes of market, research and development, manufacturing, etc., so as to ensure that there is a process and regulation in place for every matter.

We continue to adjust personnel structure according to the Company's strategic plan; we will establish a post system, improve the assessment system, smoothen the career development channels, guide employees to continue to grow independently, create a good atmosphere for work and entrepreneurship, solve the unreasonable problems of the remuneration system, and establish an employment mechanism of appointing people on their merits, demoting the mediocre, and eliminating the incompetent. We will adjust the remuneration structure to reflect the performance orientation system that rewards employees based on their contribution and fully mobilise the enthusiasm of employees. We will introduce core high-quality professional and technical talents and start the post-doctoral work station. We will provide talent guarantee for the sustainable development of the Company's production and operation.

We will integrate the quality and safety management system, focus on management improvement, take the team as the foundation for quality and safety construction, and refine the procedure documents and safety production standards into the operation instructions for quality control and the standardised operation of safety production of the team; we will ensure the effectiveness of product certification based on industry needs; we will identify and monitor key production processes and safety and quality control indicators; we will improve inspection capability and safety control level; we will further maintain good customer relationship.

Based on the existing information system foundation, we will establish a digital application platform to realise data interconnection and information sharing, optimise the business management information system and data integration, form decision-making support analysis reports, and improve information technology capabilities.

RISK MANAGEMENT

The Group adheres to the principle that risk management must be in line with its overall business strategies and serve the Group's strategic concept, while strengthening the risk classification and identification management and taking risk management as its daily routine. The Group's risk management aims to seek 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. “Two Funds” management risk

The Group's management risk of “Two Funds” refers to the risk of bad debts due to the long ageing of accounts receivable and unreasonable inventory reserves, resulting in excessive inventory. The Group will improve the accounts receivable management system and inventory management system; regularly clean up accounts receivable; take various measures to collect accounts receivable, and if necessary, take legal actions to recover the accounts receivables; regularly reconcile and trace accounts, accelerate the recovery and revitalisation of stock assets, facilitate the capital liquidity, and reduce the risk of bad debt losses; set up safety inventory reasonably, closely monitor the actual inventory quantity and production plan arrangement, and avoid excessive inventory through timely procurement and appropriate increase in procurement frequency.

2. Health, safety and environmental risks

Health and safety risks faced by the Group refer to the occurrence of major casualties and safety accidents, and the occurrence of new occupational diseases; environmental pollution risk accidents; inadequate provision of dedicated safety management staff. The Group will strengthen production safety management and establish a production safety standardisation system; carry out standardisation and compliance construction; implementation of effective measures to identify and rectify hidden dangers; assign full-time safety management personnel in accordance with relevant requirements.

3. Quality risk

The Group is exposed to quality risks arising from product quality fines and claims from customers due to quality issues. The Group will strengthen the business knowledge training for operational positions to continuously improve the business quality and ability of employees; strengthen the communication with customer's technical quality and process on-site personnel, and collect feedback on the actual use environment in order to fully understand customer needs; analyse and deal with quality issues in a timely manner and take corrective and improvement measures; strengthen process discipline inspection and quality target assessment; strengthen customer relationship and solve quality problems through after-sales services to reduce incidents of return.

4. Human resources risk

The human resources risk faced by the Group refers to the weakness of the research and development team; and lack of technical leaders. The Group will strengthen the daily management of the staff on stand-by, deeply understand the situation of the staff on stand-by, and properly manage the flow of the staff on stand-by; according to the overall strategic planning of the Company and the actual needs of business development, the Company formulated the annual recruitment plan, and supplemented the vacancy through campus recruitment and social recruitment channels.

5. Production management risk

The production management risk faced by the Group refers to the high production cost and incomplete product specifications and categories. The Group will increase the qualification rate of its products; and increase production volume. We will accurately position our own products and target users, explore user needs and increase the market share of our products.

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, 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 2022, 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 Company Name and Stock Short Name

On 30 June 2022, the Company convened the 2021 annual general meeting and passed the special resolution to approve the Change of Company Name from “成都普天電纜股份有限公司 Chengdu PUTIAN Telecommunications Cable Company Limited” to “成都四威科技股份有限公司 Chengdu SIWI Science and Technology Company Limited”. On 6 July 2022, the Company completed all the filing and registration procedures in the PRC and obtained the business license issued by the Administration for Market Regulation of Chengdu. With effect from 9:00 a.m. on 16 August 2022, the stock short name has been changed from “CHENGDU PUTIAN” to “SIWI SCI & TECH” in English and from “成都普天電纜股份” to “四威科技” in Chinese for the purpose of trading in the shares of the Company on the Stock Exchange.

2. Change of Members of the Board, the Supervisory Committee and the Management

On 6 September 2022, Mr. Li Jianyong has resigned as an executive Director and the chairman of the strategic development committee of the Company; Mr. Xiao Xiaozhou has resigned as an independent non-executive Director and a member of each of the remuneration and appraisal committee, nomination committee, audit committee and strategic development committee of the Company; Mr. Chen Wei has been appointed as an executive Director and a member of the remuneration and appraisal committee of the Company; Mr. Xue Shujin has been appointed as an independent non-executive Director and a member of each of the remuneration and appraisal committee, nomination committee, audit committee and strategic development committee of the Company; and Mr. Wu Xiaodong has been redesignated as the chairman of the strategic and development committee of the Company. On 6 September 2022, the Company convened the 2022 first extraordinary general meeting to approve the re-election of Mr. Chen Wei and Mr. Xue Shujin as an executive Director and an independent non-executive Director of the Company, respectively.

On 10 November 2022, Mr. Xiong Ting resigned as a shareholder representative supervisor of the Company. On 9 December 2022, the Company convened the 2022 second extraordinary general meeting to elect Mr. Gao Bo as a shareholder representative supervisor of the Company.

On 17 May 2022, Mr. Liu Wenzao ceased to be the deputy general manager of the Company. On 15 July 2022, Mr. Li Jianyong resigned as the general manager of the Company and Mr. Wu Xiaodong, an executive Director, was appointed as the general manager of the Company. On 21 October 2022, Mr. Wang Yinyu ceased to be the chief financial officer of the Company and Mr. Xu Guangde was appointed as the chief financial officer of the Company. On 1 November 2022, Ms. Yu Qian ceased to be the deputy general manager of the Company.

3. Transfer of 10% Equity Interest in Putian Fasten

On 29 December 2022, the Company transferred the 10% equity interest in 普天法爾勝光通信有限公司 (Putian Fasten Cable Telecommunication Co. Ltd.*) (“**Putian Fasten**”) held by the Company through public tender on Chongqing United Assets and Equity Exchange Group Co., Ltd.* (重慶聯合產權交易所集團股份有限公司) for a period of 20 working days (the “**Publication Period**”) at an initial bidding price of approximately RMB47,077,390 (the “**Disposal**”). Upon completion of the Disposal, the Company will cease to hold any equity interest in Putian Fasten. On 31 January 2023, upon the expiry of the Publication Period, no intended transferee has been solicited, and the Disposal has been extended for each subsequent period of 5 working days until a intended transferee is solicited.

SUBSEQUENT MATTERS

Transfer of equity interests in an associate

On 28 February 2023, the Company transferred its 49% equity interest in Chengdu Bada Socket Connector Co., Ltd. (“**Chengdu Bada**”) through public tender on the Chongqing Assets and Equity Exchange for a period of 20 business days (the “**Announcement Period**”), i.e. from 28 February 2023 to 27 March 2023, with an initial bidding price of approximately RMB4,321,600. Upon completion of the Disposal, the Company will no longer hold any equity interest in Chengdu Bada.

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. Zhong Qishui and Mr. Xue Shujin, 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, 16 June 2023 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 2022 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 17 May 2023 to 16 June 2023 (both days inclusive), during which period no transfer of shares will be registered.

In order to be qualified for attending and voting at the 2022 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 16 May 2023.

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 SIWI Science and Technology Company Limited
Li Tao
Chairman

Chengdu, the PRC, 24 March 2023

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

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

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