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PUJIANG INTERNATIONAL GROUP LIMITED

浦江國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2060)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2022	2021	Change
	<i>RMB'000</i>	<i>RMB'000</i>	<i>(%)</i>
Revenue	2,151,767	2,156,263	(0.2)
Gross profit	566,558	573,452	(1.2)
Profit for the year	181,788	215,534	(15.7)
Net profit attributable to owners of the Company	171,304	205,017	(16.4)
	<i>RMB</i>	<i>RMB</i>	
Diluted earnings per share	0.2112	0.2519	(16.2)

The board (the “**Board**”) of directors (the “**Directors**”) of Pujiang International Group Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2022 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 December 2021.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
REVENUE	5	2,151,767	2,156,263
Cost of sales		<u>(1,585,209)</u>	<u>(1,582,811)</u>
Gross profit		566,558	573,452
Other revenue	6	9,933	22,153
Other gains and losses	7	35,775	1,771
Selling and distribution costs		(29,036)	(40,091)
General and administrative expenses		(79,346)	(79,351)
(Impairment loss)/Reversal of impairment loss on trade and retention receivables		(23,662)	1,097
Reversal of impairment loss/(Impairment loss) on deposits and other receivables		452	(1,117)
Research and development expenses		<u>(106,348)</u>	<u>(107,563)</u>
OPERATING PROFIT		374,326	370,351
Share of losses of associates		(13,852)	(10,116)
Finance costs	8	<u>(141,826)</u>	<u>(106,431)</u>
PROFIT BEFORE INCOME TAX	9	218,648	253,804
Income tax expense	10	<u>(36,860)</u>	<u>(38,270)</u>
PROFIT FOR THE YEAR		<u>181,788</u>	<u>215,534</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (CONTINUED)**

For the year ended 31 December

	<i>Note</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		171,304	205,017
Non-controlling interests		10,484	10,517
		<u>181,788</u>	<u>215,534</u>
OTHER COMPREHENSIVE INCOME			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(19,898)</u>	<u>(23,188)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR		<u>(19,898)</u>	<u>(23,188)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>161,890</u>	<u>192,346</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company		151,406	181,821
Non-controlling interests		10,484	10,525
		<u>161,890</u>	<u>192,346</u>
		<i>RMB</i>	<i>RMB</i>
EARNINGS PER SHARE			
	<i>11</i>		
– Basic		0.2112	0.2528
– Diluted		0.2112	0.2519
		<u>0.2112</u>	<u>0.2519</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	<i>Notes</i>	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		287,260	153,849
Intangible assets		–	–
Interests in associates		241,147	254,999
Deposits		89,033	135,839
Deferred tax assets		15,369	11,493
		<u>632,809</u>	<u>556,180</u>
CURRENT ASSETS			
Inventories		561,981	602,799
Trade and retention receivables	<i>13</i>	1,542,308	1,326,654
Prepayments, deposits and other receivables		2,035,945	2,209,998
Restricted bank deposits		268,481	234,648
Cash and cash equivalents		554,128	372,974
		<u>4,962,843</u>	<u>4,747,073</u>
Non-current assets classified as held for sale		–	17,590
Total current assets		<u>4,962,843</u>	<u>4,764,663</u>
CURRENT LIABILITIES			
Trade and bills payables	<i>14</i>	761,461	737,766
Contract liabilities		55,486	59,147
Other payables and accruals		185,031	158,736
Bank borrowings	<i>16</i>	2,117,861	1,961,219
Amounts due to related companies		–	104,000
Tax payable		36,010	31,596
Lease liabilities		13,493	28,192
		<u>3,169,342</u>	<u>3,080,656</u>
NET CURRENT ASSETS		<u>1,793,501</u>	<u>1,684,007</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,426,310</u>	<u>2,240,187</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December

	<i>Notes</i>	2022 RMB'000	2021 RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities		1,693	13,272
Bank borrowings	<i>16</i>	94,000	57,487
		95,693	70,759
NET ASSETS			
		2,330,617	2,169,428
CAPITAL AND RESERVES			
Share capital	<i>15</i>	7,138	7,138
Reserves		2,216,289	2,065,584
Equity attributable to owners of the Company			
		2,223,427	2,072,722
Non-controlling interests			
		107,190	96,706
TOTAL EQUITY			
		2,330,617	2,169,428

NOTES

1. GENERAL

The Company was incorporated in the Cayman Islands, as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as combined and revised) of the Cayman Islands. Its shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The registered office of the Company is located at PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. Its principal place of business is 16/F., No. 518 Shangcheng Road, Shanghai, the People’s Republic of China (the “**PRC**”).

The Company is an investment holding company. The principal activities carried out by the Group is manufacturing, installation and selling of customised prestressed steel materials and cables.

The financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated.

The directors of the Company consider that the ultimate holding company to be Elegant Kindness Limited, a company incorporated in British Virgin Islands (“**BVI**”).

The financial statements for the year ended 31 December 2022 were approved and authorised for issue by the Board on 29 March 2023.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (hereinafter collectively referred to as the “**HKFRSs**”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The financial statements have been prepared under the historical basis. All values are rounded to the nearest thousand except when otherwise indicated.

3. ADOPTION OF NEW OR REVISED HKFRSs

(a) Adoption of new or amended HKFRSs – effective on 1 January 2022

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 January 2022:

Amendments to HKAS 16	Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	COVID-19 – Related Rent Concessions Beyond 30 June 2021
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 9 Financial Instruments and HKFRS 16 Leases

The directors of the Company consider that these new or amended HKFRSs has no material impact on the Group’s results and financial position for the current or prior period and/or accounting policies.

(b) New or amended HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to HKAS 1	Non-Current Liabilities with Covenants ²
HK Interpretation 5 (2022)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease liability in a Sale and Leaseback ²

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2024

³ No mandatory effective date yet determined but available for adoption

The above new and amendments to HKFRSs that have been issued but are not yet effective are unlikely to have material impact on the Group's result and financial position upon application.

4. SEGMENT INFORMATION

Operating segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The segments are managed separately as each business offers different products and requires different business strategies.

The following summary describes the operations in each of the Group's reportable segments:

- *Cables*
provision of manufacture, installation and sale of cables
- *Prestressed steel materials*
provision of manufacture and sale of customised prestressed steel materials

Inter-segment transactions are priced with reference to prices charged to external parties for similar order.

(a) Segment revenue and results

For the year ended 31 December 2022

	Cables <i>RMB'000</i>	Prestressed steel materials <i>RMB'000</i>	Segment total <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue to external customers	<u>1,304,512</u>	<u>847,255</u>	<u>2,151,767</u>	<u>–</u>	<u>2,151,767</u>
Segment profit/(loss) before income tax	<u>187,358</u>	<u>96,384</u>	<u>283,742</u>	<u>(65,094)</u>	<u>218,648</u>

For the year ended 31 December 2021

	Cables <i>RMB'000</i>	Prestressed steel materials <i>RMB'000</i>	Segment total <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue to external customers	<u>1,208,410</u>	<u>947,853</u>	<u>2,156,263</u>	<u>–</u>	<u>2,156,263</u>
Segment profit/(loss) before income tax	<u>233,649</u>	<u>74,162</u>	<u>307,811</u>	<u>(54,007)</u>	<u>253,804</u>

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. Segment revenue represents revenue from external customers and there were no inter-segment sales between different segments during the year and in prior year.

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments at the end of the reporting period:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Segment assets		
Cables	3,342,017	3,136,598
Prestressed steel materials	1,480,075	1,408,477
Segment assets	4,822,092	4,545,075
Unallocated	773,560	775,768
Total consolidated assets	<u>5,595,652</u>	<u>5,320,843</u>
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Segment liabilities		
Cables	2,471,505	2,319,836
Prestressed steel materials	560,524	440,375
Segment liabilities	3,032,029	2,760,211
Unallocated	233,006	391,204
Total consolidated liabilities	<u>3,265,035</u>	<u>3,151,415</u>

(c) **Other segment information included in segment profit or segment assets**

For the year ended 31 December 2022

	Cables	Prestressed steel materials	Segment total	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	1,225	1,028	2,253	873	3,126
Government grants	5,994	813	6,807	-	6,807
Share of losses of associates	4,344	-	4,344	(18,196)	(13,852)
Finance costs	(96,775)	(11,949)	(108,724)	(33,102)	(141,826)
Income tax expenses	(24,446)	(12,414)	(36,860)	-	(36,860)
Depreciation of right-of-use assets	(360)	(29,724)	(30,084)	(600)	(30,684)
Depreciation of property, plant and equipment	(5,050)	(1,284)	(6,334)	-	(6,334)
Impairment loss on trade and retention receivables	(24,069)	407	(23,662)	-	(23,662)
(Impairment loss)/reversal of impairment loss on deposits and other receivables	547	(95)	452	-	452
(Gain)/loss on disposal of property, plant equipment	18	(550)	(532)	-	(532)
Gain on disposal of assets classified as held for sale	-	34,135	34,135	-	34,135
Written off recognised on deposits and other receivables	(396)	-	(396)	-	(396)
Additions to property, plant and equipment	9,259	155,973	165,232	2,403	167,635

For the year ended 31 December 2021

	Cables	Prestressed steel materials	Segment total	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	4,919	965	5,884	3,334	9,218
Government grants	9,405	3,530	12,935	-	12,935
Share of losses of associates	-	-	-	(10,116)	(10,116)
Finance costs	(74,216)	(16,560)	(90,776)	(15,655)	(106,431)
Income tax expenses	(29,821)	(8,449)	(38,270)	-	(38,270)
Depreciation of right-of-use assets	(525)	(20,100)	(20,625)	-	(20,625)
Depreciation of property, plant and equipment	(5,230)	(1,352)	(6,582)	-	(6,582)
Reversal of impairment loss/(impairment loss) on trade and retention receivables	6,015	(4,918)	1,097	-	1,097
Impairment loss on deposits and other receivables	(1,117)	-	(1,117)	-	(1,117)
Loss on disposal of property, plant equipment	-	(114)	(114)	-	(114)
Additions to property, plant and equipment	10,871	61,048	71,919	-	71,919

(d) Geographical information and major customers

The Group's revenue from external customers is derived mainly from its operations in the PRC, where all its non-current assets are located. Management determines that the Group is domiciled in the PRC. Over 90% of the Group's revenue is derived from external customers and all of the Group's non-current assets are located in the PRC. Accordingly, no separate segmental analysis is presented.

(e) Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's revenue, is as follows:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A (<i>note</i>)	<u>547,092</u>	<u>626,200</u>

Note:

Revenue derived from the above customer for the year is reported under the segment prestressed steel materials.

5. REVENUE

Revenue represents the net invoiced value of goods sold or services rendered and earned by the Group.

The principal activities of the Group are manufacturing and sale of cables, customised prestressed steel materials and providing installation services. An analysis of the revenue from the Group's principal activities is as follows:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
<i>Revenue from contracts with customers</i>		
Manufacture, installation and sale of cables	1,304,512	1,208,410
Manufacture and sale of customised prestressed steel materials	<u>847,255</u>	<u>947,853</u>
	<u>2,151,767</u>	<u>2,156,263</u>

Disaggregation of revenue from contracts with customers

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<i>Timing of revenue recognition</i>		
At a point in time:		
– Sales of customised prestressed steel materials and cables	<u>2,151,053</u>	<u>2,151,870</u>
Over time:		
– Provision of installation services	<u>714</u>	<u>4,393</u>

As at 31 December 2021 and 2022, the aggregate amount of the consideration the Group is entitled and allocated to the performance obligation that are unsatisfied (or partially unsatisfied) under the Group's contracts, was approximately RMB1,352,887,000 and RMB1,652,643,000 respectively.

Management expects that the unsatisfied performance obligations at the end of each reporting period will be recognised as revenue in the subsequent one to three years based on the contract period, and the timing of the transfer of those goods and services is at the discretion of the customers.

6. OTHER REVENUE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Bank and other interest income	3,126	9,218
Government grants (<i>note</i>)	<u>6,807</u>	<u>12,935</u>
	<u>9,933</u>	<u>22,153</u>

Note:

Government grants mainly represent subsidies received from the PRC local government authority to the Group for incentive of technology innovation projects and for financing. There are no unfulfilled conditions or contingencies relating to government subsidies.

7. OTHER GAINS AND LOSSES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Exchange gains, net	1,829	596
Gain on disposal of assets classified as held for sale	34,135	–
Loss on disposal of property, plant and equipment	(532)	(114)
(Allowance for)/reversal of allowance for inventories	(11)	835
Written off recognised on deposits and other receivables	(396)	–
Others	750	454
	<u>35,775</u>	<u>1,771</u>

8. FINANCE COSTS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest on bank borrowings	136,250	104,828
Interest on lease liabilities	1,594	1,592
Handling fee	7,307	11
	<u>145,151</u>	<u>106,431</u>
Less: Amount capitalised	<u>(3,325)</u>	<u>–</u>
	<u>141,826</u>	<u>106,431</u>

Borrowing costs capitalised during the year ended 31 December 2022 arose from the general borrowing pool are calculated by applying an average capitalisation rate of 5.4% per annum to expenditure on qualifying assets.

9. PROFIT BEFORE INCOME TAX

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before income tax is arrived at after charging:		
Cost of inventories recognised as expense (<i>note</i>)	1,585,209	1,582,811
Auditor's remuneration	1,650	1,550
Employee costs	44,916	49,993
Depreciation charge:		
– Property, plant and equipment	6,334	6,582
– Right-of-use assets	30,684	20,625
Short-term lease expenses	3,495	355

Note:

Cost of inventories recognised as expense for the year ended 31 December 2022 includes staff costs of RMB11,393,000 (2021: RMB14,164,000) and depreciation of RMB3,275,000 (2021:RMB2,934,000), which are also included in the respective total amounts disclosed above for each of these types of expenses.

10. INCOME TAX EXPENSE

The amount of income tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax – PRC Enterprise Income Tax		
– for the year	41,193	35,574
– (over)/under provision in respect of prior years	(457)	4,274
	40,736	39,848
Deferred tax	(3,876)	(1,578)
	36,860	38,270

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and BVI, the Company and its subsidiaries are not subject to any income tax in the Cayman Islands and BVI.

No Hong Kong profits tax has been provided in the financial statements as the Group did not derive any estimated assessable profit in Hong Kong for the current year and in prior year.

Pursuant to the income tax rules and regulations of the PRC, the provision for PRC income tax of the Group's subsidiaries is calculated based on the statutory tax rate of 25%, except for Ossen Innovation Materials Co. Limited, Ossen (Jiujiang) New Materials Co. Limited, Shanghai Pujiang Cable Co. Limited and Zhejiang Pujiang Cable Co. Limited are recognised as High and New-Tech enterprises according to the PRC tax regulations. These subsidiaries are entitled to a preferential tax rate of 15% for the year ended 31 December 2022 (2021: 15%).

11. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of RMB171,304,000 (2021: RMB205,017,000). The weighted average number of ordinary shares used for the purpose of calculating the basic earnings per share for the year ended 31 December 2022 includes the weighted average number of shares issued of 811,032,630 shares (2021: 811,044,000 shares).

(b) Diluted earnings per share

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to owners of the Company of RMB171,304,000 (2021: RMB205,017,000). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation and diluted shares from share option scheme.

The calculations of basic and diluted earnings per share are based on:

	2022	2021
	RMB'000	RMB'000
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	<u>171,304</u>	<u>205,017</u>
	Number of shares	
	2022	2021
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	811,032,630	811,044,000
Effect of dilution – weighted average number of ordinary shares:		
Share options	<u>–</u>	<u>2,871,153</u>
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	<u>811,032,630</u>	<u>813,915,153</u>

For the purpose of calculating diluted earnings per share for the year ended 31 December 2022, no adjustment has been made as the exercise of the outstanding share options has anti-dilutive effect on the basic earnings per share.

12. DIVIDENDS

The Company has resolved not to recommend any payment of dividend for the year ended 31 December 2022 (2021: nil).

13. TRADE AND RETENTION RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables	1,439,250	1,218,915
Retention receivables	<u>162,030</u>	<u>142,999</u>
	1,601,280	1,361,914
Less: provision for impairment	<u>(58,972)</u>	<u>(35,310)</u>
	1,542,308	1,326,604
Bill receivables	<u>–</u>	<u>50</u>
	<u>1,542,308</u>	<u>1,326,654</u>

The Group grants a credit period within 0-90 days to its trade customers.

The ageing analysis of the Group's trade and retention receivables (net), based on invoice date, at the end of the reporting period is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 3 months	484,107	573,600
Within 4 – 6 months	253,737	223,039
Within 7 – 12 months	394,159	157,442
More than 1 year past due but less than 2 years past due	235,327	304,865
More than 2 years past due but less than 3 years past due	155,286	54,188
More than 3 years past due but less than 5 years past due	17,714	12,437
Over 5 years	<u>1,978</u>	<u>1,033</u>
	<u>1,542,308</u>	<u>1,326,604</u>

The movements in the allowance for impairment of trade and retention receivables during the year are as follows:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	35,310	36,407
Impairment loss recognised/(reversed) during the year	23,662	(1,097)
At the end of the year	<u>58,972</u>	<u>35,310</u>

As 31 December 2022, the Group's certain trade and retention receivables of RMB582,947,000 (2021: RMB527,760,000) were pledged to secure banking facilities granted to the Group.

14. TRADE AND BILLS PAYABLES

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	167,891	173,280
Bills payable	593,570	564,486
	<u>761,461</u>	<u>737,766</u>

The ageing analysis of trade payables, based on the invoice date, as of the end of the reporting period, is as follows:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	68,709	52,453
Within 4 – 6 months	26,212	22,015
Within 7 – 12 months	17,199	60,773
More than 1 year but less than 2 years	40,220	32,477
More than 2 year but less than 3 years	10,916	2,579
More than 3 year but less than 5 years	2,655	977
Over 5 years	1,980	2,006
	<u>167,891</u>	<u>173,280</u>

The Group's trade payables are non-interest bearing and credit periods granted by suppliers normally range from 0 to 90 days.

The ageing analysis of bill payables, based on the invoice date, as of the end of the reporting period, is as follows:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	–	163,320
Within 4 – 6 months	107,700	186,586
Within 7 – 12 months	460,870	174,580
More than 1 year but less than 2 years	–	40,000
More than 2 year but less than 3 years	25,000	–
	<u>593,570</u>	<u>564,486</u>

At 31 December 2022, bills payables of RMB432,870,000 (2021: RMB494,166,000) were secured by the Group's restricted bank deposits of RMB167,611,000 (2021: RMB191,270,000).

15. SHARE CAPITAL

	Number	<i>RMB'000</i>
Issued and fully paid		
At 1 January 2021, 31 December 2021 and 2022	<u>811,044,000</u>	<u>7,138</u>

During the year ended 31 December 2022, the Company repurchased an aggregate of 1,150,000 of its own shares on the Stock Exchange at total consideration plus transaction costs of RMB602,000.

As at 31 December 2022, all the repurchased shares have not yet been cancelled by the Company and the total repurchase costs amounting to RMB602,000 was settled and the corresponding amount was included in treasury shares in the Company's equity. These 1,150,000 treasury shares have been subsequently cancelled on 19 January 2023.

Subsequent to the end of the reporting period, the Company further repurchased 1,014,000 shares of its own ordinary shares on the Stock Exchange at total cash consideration plus transaction costs amounting to RMB491,000. All these repurchased shares have been cancelled on 19 January 2023.

16. BANK BORROWINGS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current		
Secured interest-bearing		
– bank borrowings	1,699,667	1,554,109
– bank borrowings which contain a repayment on demand clause	<u>418,194</u>	<u>407,110</u>
	2,117,861	1,961,219
Non-current		
Secured interest-bearing		
– bank borrowings due for repayment after one year	<u>94,000</u>	<u>57,487</u>
	<u>2,211,861</u>	<u>2,018,706</u>

None of the portion of bank borrowings due for repayment after one year which contain a repayment on demand clause (and therefore classified as current liability) is expected to be settled within one year.

At the end of the reporting period, bank borrowings were scheduled to be repaid and ignore the effect of any repayment on demand clause as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within one year	1,853,656	1,921,219
More than one year, but not exceeding two years	179,766	97,487
More than two years, but not exceeding five years	<u>178,439</u>	<u>–</u>
	<u>2,211,861</u>	<u>2,018,706</u>

At 31 December 2022, the bank borrowings of the Group were interest bearing at fixed rates ranging from 3.7% to 5.8% per annum in aggregate amounted to RMB1,311,739,000 (2021: 4.3% to 5.6% per annum in aggregate amounted to RMB1,009,536,000) and floating rated ranging from 4.3% to 10.0% per annum in aggregate amounted to RMB900,122,000 (2021: 3.85% to 10.00% per annum in aggregate amounted to RMB1,009,170,000).

Included in the amount as at 31 December 2022 was the bank borrowings denominated in United States Dollar of RMB228,445,000 (2021: RMB286,669,000).

The bank borrowings are secured by:

- (a) certain land and buildings included in property, plant and equipment and certain trade and retention receivables; and
- (b) personal guarantees executed by Dr. Tang Liang, and Mr. Hua Wei, both are executive directors of the Company, and corporate guarantees given by the independent third parties, ultimate holding company and certain subsidiaries.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is one of the largest provider of bridge cables for the construction of super-long-span bridges in China and one of the leading prestressed materials manufacturers in the PRC.

For the Reporting Period, the Group has two main reporting business segments, namely, the business which manufactures cables for long-span bridges (the “**Cable Business**”) and the business which manufactures prestressed materials for various infrastructure construction (the “**Prestressed Materials Business**”).

For the year ended 31 December 2022, the total revenue of the Group amounted to RMB2,151.8 million, representing a slight decrease of 0.2% as compared to the year ended 31 December 2021. The Group recorded profit for the year of RMB181.8 million for the year ended 31 December 2022, representing a decrease of 15.7% as compared to the year ended 31 December 2021. The gross profit margin for the Group slightly decreased from 26.6% for the year ended 31 December 2021 to 26.3% for the year ended 31 December 2022.

Cable Business

During the Reporting Period, the Group continued to engage in the production and sale of bridge cables. During the year ended 31 December 2022, the Group was awarded 145 new projects for the Cable Business. In 2022, the Group has completed 100 projects for the Cable Business.

As of the date of this announcement, the Group has 135 on-going projects for the Cable Business. With the on-going projects for the Cable Business in hand, the Group remains confident in the development of Cable Business in 2023.

Below sets out some of the on-going projects for the Cable Business:

- Shenzhen-Zhongshan Link – Lingding Yang Bridge* (深中通道伶仃洋大橋)
- Guizhou Jinzhou Grand Bridge* (貴州金州大橋)
- Fulong Grand Bridge* (富龍特大橋)
- Husuhu Railway Qingpu Grand Bridge* (滬蘇湖鐵路青浦特大橋)
- Guangdong Hongqimen Grand Bridge* (廣東洪齊門大橋)
- Zangkejiang Grand Bridge* (牂牁江特大橋)

Also, during the Reporting Period, the Group has developed several new patented technologies for the application of bridge cables, including an intelligent monitoring system for monitoring the safety of stay cables for bridges based on big data* (一種基於大數據的橋梁斜拉索安全性智能監測系統) and an inclined cable guide bar installation structure* (一種斜拉索導向條安裝結構). During the year 2022, the Group obtained 16 new registered patents and as of 31 December 2022, it had applied for the registration of 41 patents which are pending approval.

Prestressed Materials Business

For the Prestressed Materials Business, the Group has focused on the sales of rare earth coated prestressed products, plain surface prestressed products and galvanised prestressed products with specific focus on galvanised prestressed products. The Group has continued to expand its production capacity to capture the growing demand of galvanised prestressed products. The construction and the installation and debugging of equipment of the new production capacity in Jiujiang, the PRC for the Prestressed Materials Business is expected to be completed by the end of April 2023.

In addition, during the Reporting Period, the Group has developed a number of new patented technologies in relation to prestressed materials, including a method of producing hot-dip galvanised steel wire for bridge cables* (一種橋梁纜索用熱鍍鋅鋼絲的生產方法). During the Reporting Period, the Group obtained 13 new registered patents and as of 31 December 2022, it had applied for registration of 6 patents which are pending approval.

Awards and Recognitions

We have also received the following prizes and awards during the Reporting Period:

Prizes and Awards

Granting Authority

The First Prize of Science and Technology Award* (科學技術獎一等獎)

China Highway & Transportation Society* (中國公路學會)

The Grand Prize of Science and Technology Award* (科學技術獎特等獎)

Hubei Provincial Highway & Transportation Society* (湖北省公路學會)

2022 “Specialized, refined and new” small giant enterprises* (2022「專精特新」小巨人企業)

Ministry of Industry and Information Technology of the People’s Republic of China* (中華人民共和國工業和信息化部)

2022 High-Tech Enterprise of Jiangxi Province* (2022年江西省高新技術企業)

National High-tech Enterprise Certification Management Leading Group Office* (全國高新技術企業認定管理工作領導小組辦公室)

2022 Jiangxi Province “specialized, refined and new” small and medium-sized enterprises* (2022年江西省「專精特新」中小企業)

Department of Industry and Information Technology of Jiangxi Province* (江西省工業和資訊化廳)

2021 Jiangxi Province Contract-abiding and Credit-worthy Unit* (2021年江西省守合同重信用單位)

Jiangxi Provincial Administration of Market Supervision* (江西省市場監督管理局)

2021 Major Tax Payer* (2021年度納稅大戶)

Cihu High-tech Industrial Development Zone Party Working Committee* (慈湖高新技術產業開發區黨工委) and Cihu High-tech Industrial Development Zone Management Committee* (慈湖高新技術產業開發區管委會)

2021 Top 20 Enterprises in Industrial Economy* (2021年度工業經濟二十強企業)

Cihu High-tech Industrial Development Zone Party Working Committee* (慈湖高新技術產業開發區黨工委) and Cihu High-tech Industrial Development Zone Management Committee* (慈湖高新技術產業開發區管委會)

Prizes and Awards

Anhui Provincial Water-saving Enterprise* (安徽省級節水型企業)

2022 Ma'anshan City Labour Security Integrity A-level Unit* (2022年馬鞍山市勞動保障誠信A級單位)

Granting Authority

Department of Housing and Urban-Rural Development of Anhui Province* (安徽省住房和城鄉建設廳)

Ma'anshan Human Resources and Social Security Bureau* (馬鞍山市人力資源和社會保障局)

Other Developments

The outbreak of the COVID-19 pandemic continued to cause delay to the progress of many bridge construction projects during the Reporting Period. While construction projects have gradually been resumed, the lockdown of Shanghai, the PRC from March to June 2022 and the sudden relaxation of the pandemic control policy in December 2022 have severely affected the Company's operation and profit. The construction of our research and development centre in Zhejiang Province, the PRC, the production facility in Jiujiang, Jiangxi Province, the PRC and the bridge construction projects in the PRC have also been further delayed.

Shanghai International Superconductor Technology Co. Ltd.* (上海國際超導科技有限公司) (“**Shanghai Superconductor**”), a 40%-owned associate of the Group and a leading international superconducting player, has been deeply involved in this industry for more than ten years. In 2022, the world's first 1.2-kilometer high-temperature superconducting cable developed and manufactured by Shanghai Superconductor has provided continuous and stable power supply for nearly 46,000 users in the downtown area of Shanghai for nearly 500 days. At the same time, the Group has successfully realised the research and development, production and sales of 1.5T and 3.0T superconducting magnets in 2022.

In 2022, Shanghai Push Medical Device Technology Co. Limited* (“**Push Medical**”), a 23%-owned associate of the Group, has obtained three new registration certificates in addition to the certified core products of left atrial appendage occluder and congenital heart occluder and it is expected that new products will soon generate revenue contribution. At the same time, Push Medical is advancing the application process of its listing on the Science and Technology Innovation Board of the Shanghai Stock Exchange.

The Group values the importance of environmental, social and governance (“ESG”), and have made progress in such respect under the supervision of the climate and sustainable development committee. In 2022, Group received a “B” score in the category of climate change in the 2022 scoring issued by CDP Worldwide (“CDP”), making us one of the Top 40 companies evaluated in the PRC in the same category alongside other leading technology conglomerates in the PRC, and only 4 companies were awarded the highest score of A- in the PRC. CDP is a not-for-profit charity based in London that operates a global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts and there were approximately 2,700 PRC companies participating in the 2022 assessment.

PERFORMANCE ANALYSIS AND DISCUSSION

Revenue

The following table sets out the breakdown of revenue by operating segment and project/product type:

	2022		2021	
	<i>RMB'000</i>	<i>% of total revenue</i>	<i>RMB'000</i>	<i>% of total revenue</i>
Cable Business:				
Suspension cable projects	797,224	37%	588,559	27%
Stay cable projects	495,033	23%	610,582	29%
Others – installation projects	9,152	1%	6,107	0%
Others – sale of scrap materials	3,103	0%	3,162	0%
	<u>1,304,512</u>	<u>61%</u>	<u>1,208,410</u>	<u>56%</u>
Prestressed Materials Business:				
Plain surface prestressed products	9,868	1%	26,621	1%
Rare earth coated prestressed products	655,408	30%	708,045	33%
Galvanised prestressed products	170,621	7%	198,479	9%
Other steel materials	11,358	1%	14,708	1%
	<u>847,255</u>	<u>39%</u>	<u>947,853</u>	<u>44%</u>
Total	<u>2,151,767</u>	<u>100%</u>	<u>2,156,263</u>	<u>100%</u>

Revenue slightly decreased by 0.2% from RMB2,156.3 million for the year ended 31 December 2021 to RMB2,151.8 million for the year ended 31 December 2022, mainly attributable to the decrease in revenue from the Prestressed Material Business due to the relocation of the production facility in Jiujiang, the PRC and the COVID-19 pandemic.

Revenue generated from the Cable Business increased by 8.0% from RMB1,208.4 million for the year ended 31 December 2021 to RMB1,304.5 million for the year ended 31 December 2022, mainly attributable to the increase in the number of delivered projects in 2022. Revenue generated from the Prestressed Materials Business decreased by 10.6% from RMB947.9 million for the year ended 31 December 2021 to RMB847.3 million for the year ended 31 December 2022, mainly attributable to the relocation of the production facility in Jiujiang, the PRC and the COVID-19 pandemic.

Gross profit and gross profit margin

Gross profit slightly decreased by 1.2% from RMB573.5 million for the year ended 31 December 2021 to RMB566.6 million for the year ended 31 December 2022.

Overall gross profit margin slightly decreased from 26.6% for the year ended 31 December 2021 to 26.3% for the year ended 31 December 2022. The gross profit margin for the Cable Business slightly decreased from 34.6% for the year ended 31 December 2021 to 33.2% for the year ended 31 December 2022 due to the slight decrease in the gross profit of cable projects delivered in 2022, which is within a normal range of fluctuation. The gross profit margin for the Prestressed Materials Business slightly decreased from 16.4% for the year ended 31 December 2021 to 15.8% for the year ended 31 December 2022 mainly due to the slight decrease in the gross profit of prestressed materials projects delivered in 2022, which is within a normal range of fluctuation.

Impairment loss (recognised)/reversed on trade and retention receivables

Impairment loss recognised on trade and retention receivables amounted to RMB23.7 million in the Reporting Period, compared to the reversal of trade and retention receivables of RMB1.1 million in 2021. The impairment loss is primarily due to the longer aging of trade and retention receivables caused by the COVID-19 pandemic. However, there are no bad debt accounts occurred prior to and during the Reporting Period.

Selling and distribution costs

Selling and distribution costs of the Group decreased by 27.6% from RMB40.1 million for the year ended 31 December 2021 to RMB29.0 million for the year ended 31 December 2022. The decrease in selling and distribution expenses was mainly attributable to the decrease in overseas delivery in Cable Business in 2022, while there was a high volume of cable delivery for the 1915 Canakkale Bridge project in Turkey in 2021.

General and administrative expenses

General and administrative expenses of the Group remained relatively stable at RMB79.3 million for the year ended 31 December 2022, which is maintained at similar level for the year ended 31 December 2021. The stability in general and administrative expenses was mainly attributable to the net effect of the increase in depreciation of right-of-use assets and the decrease in legal and professional fees.

Research and development expenses

Research and development expenses slightly decreased by 1.1% from RMB107.6 million for the year ended 31 December 2021 to RMB106.3 million for the year ended 31 December 2022, which is within a normal range of fluctuation.

Finance costs

Finance costs increased by 33.3% from RMB106.4 million for the year ended 31 December 2021 to RMB141.8 million for the year ended 31 December 2022. This increase was primarily attributable to the finance costs incurred due to the increase in bank borrowings and the one-off finance costs for the payment of the syndicated loan from international financial institutions.

Share of losses of associates

Share of losses of associates increased from RMB10.1 million for the year ended 31 December 2021 to RMB13.9 million for the year ended 31 December 2022 mainly due to the losses of Shanghai Superconductor, which is currently in the early stage of commercialisation. It is expected that, after the COVID-19 pandemic and the stable operation of the 1.2km superconducting project for one year, the business of Shanghai Superconductor will realise greater growth.

Income tax expenses

Income tax expenses decreased by 3.7% from RMB38.3 million for the year ended 31 December 2021 to RMB36.9 million for the year ended 31 December 2022. The effective tax rate increased from 15.1% for the year ended 31 December 2021 to 16.9% for the year ended 31 December 2022. This increase was primarily attributable to an increase of non-deductible expenses during the Reporting Period.

Profit for the year

As a result of the foregoing, the Group recorded a net profit of RMB181.8 million for Reporting Period, representing a decrease of 15.7% as compared to RMB215.5 million for the year ended 31 December 2021.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Working Capital

The Group's operations are working capital intensive due to the nature of the industry, which is inherent in the Group's business model. The Group utilises a significant amount of working capital for upfront prepayment to its suppliers to procure raw materials for the products and to provide deposit guarantees (in terms of tender and performance bonds) for the Cable Business. In 2022, the Group mainly funded the cash requirements through a combination of bank borrowings, cash and cash equivalents and net cash flows from operating activities. Going forward, in order to fund the Group's increasing working capital needs due to business expansion and the future plans (including capital expenditure for the construction of production facility in Jiujiang and the Research and Development Centre for Cable Business) as disclosed in the section headed "Use of Proceeds", the Group will continue to fund its cash requirements using a combination of banking credit facilities, net cash flows from operating activities, and other financial instruments which will be available for drawdown within a short period of time.

As at 31 December 2022, the Group recorded net current assets amounting to RMB1,793.5 million (31 December 2021: RMB1,684.0 million). As at 31 December 2022, the cash and cash equivalents of the Group amounted to RMB554.1 million (31 December 2021: RMB373.0 million). The current ratio (calculated by dividing total current assets by total current liabilities) as at 31 December 2022, was 1.57 (31 December 2021: 1.55). The increase in the current ratio was primarily due to the increase in trade and retention receivables.

Funding and Treasury Policy and Foreign Exchange Risk

The Group adopts a prudent funding and treasury policy. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Bank and other borrowings

As at 31 December 2022, the outstanding bank and other borrowings of the Group was RMB2,211.9 million (31 December 2021: RMB2,018.7 million). The increase in bank and other borrowings was due to operational needs of the Group. The debt to asset ratio (calculated by dividing total debt by total assets) as at 31 December 2022 was 56.4% (31 December 2021: 56.7%).

On 29 July 2022, the Company, as borrower, entered into a facility agreement (the “**Facility Agreement**”) with two financial institutions as lenders (the “**Lenders**”) in relation to a term loan facility in an amount up to US\$50,000,000 (the “**Loan Facility**”). The Loan Facility was to be made available to the Company, for the Company’s general working capital and investment purposes, for a term of 24 months after the first utilisation date and can be extended for a further 12 months subject to the terms of the Facility Agreement.

Pursuant to the Facility Agreement and in order to secure the Company’s obligations under the Facility Agreement and the other Finance Documents (as defined in the Facility Agreement), on 29 July 2022, Elegant Kindness Limited (“**Elegant Kindness**”), being the immediate controlling shareholder of the Company, executed a share charge, pursuant to which Elegant Kindness agreed to deposit 200,000,000 shares of the Company (subject to adjustment), into a securities account and charge the same in favour of CMB International Securities Limited, an affiliate of one of the Lenders.

Please refer to the announcement of the Company dated 29 July 2022 for details.

Charge on assets

As at 31 December 2022, the bank and other borrowings of RMB2,211.9 million (31 December 2021: RMB2,018.7 million) were secured by pledge of the Group’s assets including certain land and buildings, certain trade and retention receivables, certain personal guarantees given by two executive directors of the Company and corporate guarantees from independent third parties, ultimate holding company and certain subsidiaries.

Contingent liabilities

As at 31 December 2022, the Group did not have any significant contingent liabilities.

Capital structure

As at 31 December 2022, the total share capital of the Company was RMB7,138,000, divided into 811,044,000 Shares of nominal value of HK\$0.01 each.

USE OF PROCEEDS

The aggregate net proceeds raised by the Company from the listing on the Stock Exchange was RMB451.9 million. The proceeds from the listing were used and are proposed to be used according to the intentions previously disclosed by the Company. The following table set forth the Group's intended timetable for use of proceeds from listing as of 31 December 2022.

Business objectives as stated in the Prospectus	Percentage of proceeds as stated in the Prospectus <i>Note 1</i>	Use of proceeds	Unutilised amount as of 31 December 2021	Utilised amount for the year ended 31 December 2022	Unutilised amount as of 31 December 2022	Expected timeline of full utilisation of the remaining balance
		adjusted according to the actual net proceeds from the listing				
Repayment of banking facilities <i>Note 2</i>	27.2%	122.8	-	-	-	-
Acquisition of business <i>Note 3</i>	24.2%	109.4	109.4	-	109.4	End of 2023
Expansion of production facility for Prestressed Materials Business <i>Note 4</i>	21.1%	95.5	23.2	23.2	-	-
Expansion of research and development centre for Cable Business <i>Note 5</i>	13.4%	60.4	20.6	12.2	8.4	First half of 2023
Working capital	9.6%	43.4	-	-	-	-
Purchase of additional production equipment and environmental protection facilities <i>Note 6</i>	4.5%	20.4	9.5	9.5	-	-
Total	100%	451.9	162.7	44.9	117.8	

Notes:

1. The percentage (except for the repayment of banking facilities) were adjusted on a pro rata basis based on the percentage as disclosed in the prospectus of the Company dated 17 May 2019 (the “**Prospectus**”).
2. The repayment of banking facilities of RMB122.8 million was made pursuant to the irrevocable instruction to repay part of a loan. Please refer to the section headed “Relationship with Controlling Shareholders — Independence from our Controlling Shareholders — Financial Independence” in the Prospectus for details. As of the date of this announcement, the full amount of RMB122.8 million has been applied.
3. As of the date of this announcement, the Company has yet to identify an acquisition target. Due to the continuous COVID-19 pandemic situation in the PRC and in particular, a series of prevention measures adopted in various areas of the PRC to prevent the spread of the COVID-19, the business performance of potential acquisition targets have been further affected. As a result, the expected timeline of full utilisation of the remaining balance for acquisition of business is expected to be further delayed to the end of 2023. The Company will continue to look for acquisition target(s) that would be beneficial to the Group and will comply in full with all applicable Listing Rules and requirements in due course when any acquisition is undertaken.
4. As of the date of this announcement, the Company has completed the land acquisition for the new production facility in Jiujiang, Jiangxi Province and the full amount of RMB95.5 million has been applied. It is expected that the construction work and the installation and debugging of equipment of the production facility will be completed by the end of April 2023.
5. As of the date of this announcement, the Company has commenced the construction of the research and development centre, which is expected to be completed in the first half of 2023 due to the schedule delay caused by the COVID-19 pandemic situation in China.
6. During the Reporting Period, the unutilised amount of RMB9.5 million has been applied for procurement of production equipment and environmental protection equipment. As at the date of this announcement, the full amount of RMB20.4 million has been applied.

FINAL DIVIDEND

The Board has resolved not to declare a final dividend by the Company for the year ended 31 December 2022 (2021: nil).

OUTLOOK AND RECENT DEVELOPMENTS

In view of the strong demand for stimulating economic recovery after the COVID-19 pandemic, investments in infrastructure development such as transportation, water, energy and technology are booming. The PRC government has developed strategic plans to strengthen and accelerate infrastructure development in the PRC as a means to stimulate economic recovery. As discussed during the Fourteenth National People's Congress of the PRC in March 2023, China will adopt a proactive fiscal policy to allow the deficit ratio to increase to 3% and local government special treasury bonds to increase to RMB3.8 trillion. According to the government work report, the implementation of major infrastructure projects during the “14th Five-Year Plan” period will be accelerated, urban renewal actions will be implemented, and more private capital will be encouraged to participate in the construction of major national projects. The scale of new treasury bonds issued by local governments of 2023 has increased and provincial governments in the PRC have proactively issued special treasury bonds with an aim to facilitate the development of transportation infrastructure, energy, ecological environmental protection, municipal and industrial park infrastructure in early 2023. It is expected that the favourable policy together with the active local government special treasury bonds issuance will contribute to the development of infrastructure in the PRC.

The Group will continue to utilise and enhance its upstream and downstream business capabilities within the Group and strengthen the connection between its galvanised prestressed products and bridge cables to be prepared to advance more upcoming major infrastructure projects in the PRC and abroad. At present, Shanghai Superconductor is taking the opportunity of the “14th Five-Year Plan” strategic cooperation framework agreement signed by the Shanghai Municipal Government and the State Grid Corporation of China to accelerate the implementation of the 5km superconducting cable transmission project in Shanghai, which is expected to completely solve the large-capacity problem in central urban areas and many problems in centralized power transmission. At the same time, the Group will cooperate with other shareholders of Shanghai Superconductor, Shenergy Group and State Grid Power Company, etc., to promote the application of superconductors in power transmission, nuclear magnetic resonance and controllable nuclear fusion and other products and technologies. The Group will also pay attention to any possible opportunities for merger and acquisitions to increase its market status and pricing power when appropriate.

Looking ahead, the Group will leverage the PRC government’s economic stimulus and the Group’s technologies and know-how in high-technology metallic materials and applications to actively explore opportunities in the domestic and overseas infrastructure markets. Furthermore, the Group will also take the initiative to strengthen its management capabilities in respect of ESG issues through scientific and technological innovation, and seek to balance the interest of its various stakeholders, shoulder social responsibilities and promote a win-win situation for corporate and social development.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 December 2022, the total number of employees in the Group was 430 (31 December 2021: 444). The remuneration packages of the employees of the Group are determined with reference to their role, position, experience and work performance.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND SIGNIFICANT INVESTMENTS

During the Reporting Period, the Group did not have any material investments or acquire any material capital assets, or make any material acquisitions or disposals of subsidiaries and associated companies, or significant investments for the year ended 31 December 2022.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement and the future plans set out in the section headed “Use of Proceeds” above, the Company has no plan for any material investments or additions of capital assets as at the date of this announcement.

EVENTS SUBSEQUENT TO 31 DECEMBER 2022

Subsequent to the end of the reporting period, the Company repurchased 1,014,000 shares of its own ordinary shares on the Stock Exchange at total cash consideration plus transaction costs amounting to HK\$571,000 (equivalent to approximately RMB491,000). All these repurchased shares have been cancelled on 19 January 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, the Company repurchased a total of 1,150,000 Shares (the “**Shares Repurchase**”) at an aggregate consideration (including relevant expenses) of approximately HK\$700,660 (equivalent to approximately RMB602,000) on the Stock Exchange. All the Shares repurchased have been cancelled on 19 January 2023. Details of the Shares Repurchase are as follows:

Month of repurchase in 2022	Number of Share repurchased	Price per Share highest (HK\$)	Price per Share lowest (HK\$)	Aggregated purchase price (approximately) (HK\$)
December	<u>1,150,000</u>	<u>0.63</u>	<u>0.57</u>	<u>700,660</u>

The Shares Repurchase were made for the benefit of the Company and the Shareholders as a whole with a view to enhance Shareholders’ value in the long run.

Save as disclosed above, the Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the Reporting Period.

AUDIT COMMITTEE

The audit committee of the Company have reviewed the Group’s audited consolidated results for the year ended 31 December 2022 prepared in accordance with the HKAS and agreed to the accounting principles and practices adopted by the Company.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting (the “**AGM**”) of the Company will be held on Wednesday, 21 June 2023. The notice of the AGM will be published on the respective websites of the Company (www.pji-group.com) and Hong Kong Stock Exchange (www.hkexnews.hk) and will be despatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 16 June 2023 to Wednesday, 21 June 2023, both days inclusive, during which period no transfer of Shares will be registered, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 15 June 2023.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the "**CG Code**") applicable to the Company during the year ended 31 December 2022 and the Company has adopted the CG Code as its own code of corporate governance. The Board is of the view that the Company has complied with all the applicable code provisions as set out in the CG Code during the year ended 31 December 2022 and up to the date of this announcement.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions of the Company by the directors of the Company and the relevant employees of the Company. Specific enquiry has been made to all directors of the Company and all of them have confirmed that they have complied with the Model Code during the Reporting Period.

REVIEW OF THE ANNUAL RESULTS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement and consequently no opinion and assurance conclusion has been expressed by BDO Limited on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement was published on the respective websites of the Company (www.pji-group.com) and the Hong Kong Stock Exchange (<http://www.hkexnews.hk>). The annual report of the Company for the year ended 31 December 2022 containing all the information as required under the Listing Rules will be despatched to the Shareholders and made available for review on the same websites in due course.

By order of the Board
Pujiang International Group Limited
Dr. Tang Liang
Chairman

Hong Kong, 29 March 2023

As at the date of this announcement, the executive Directors are Dr. Tang Liang (Chairman), Mr. Zhou Xufeng (Chief Executive Officer), Mr. Hua Wei and Mr. Ni Xiaofeng, and the independent non-executive Directors are Ms. Pan Yingli, Mr. Chen Dewei and Mr. Zhang Bihong.

* *For identification purpose only*