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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 INTERIM RESULTS ANNOUNCEMENT

SUMMARY

1. The Group recorded a total turnover of RMB132,908,478.03 for the six months ended 30 June 2022 (the “**Period**”), representing an increase of approximately 5.16% as compared with the corresponding period last year.
2. During the Period, total sales of copper cables, optical cables, optical fibers and related products amounted to RMB111,072,978.46, representing an increase of approximately 2.69% as compared with the corresponding period last year. Total sales of optical fibers by Chengdu SEI Optical Fiber Co., Ltd., a principal subsidiary of the Company, amounted to RMB86,728,819.33, representing an increase of 20.42% as compared with the corresponding period last year. Total sales of wire feed cables and other products by Chengdu Zhongling Radio Communications Co., Ltd., a principal subsidiary of the Company, amounted to RMB25,429,079.40, representing an increase of 24.74% as compared with the corresponding period last year.
3. During the Period, the Group’s profit attributable to equity holders of the Company was RMB1,674,419.38, while the Group’s loss attributable to equity holders of the Company for the corresponding period last year was RMB12,895,954.94. Profit attributable to non-controlling shareholders was RMB2,569,930.26, as compared with the loss of RMB4,866,232.07 for the corresponding period last year.
4. The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022.

The board of directors (the “**Board**”) of Chengdu SIWI Science and Technology Company Limited (formerly known as Chengdu PUTIAN Telecommunications Cable Company Limited) (the “**Company**”) announces the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2022 (the “**Period**”) as follows:

CONSOLIDATED BALANCE SHEET

As at 30 June 2022

Chengdu SIWI Science and Technology Company Limited

(Monetary Unit: CNY)

Assets	<i>Section 6</i>	Closing balance	Opening balance
Current Assets:			
Cash and bank balance		538,374,100.09	478,366,924.31
Financial assets held for trading			
Derivative financial asset			
Notes receivable	<i>Note 1</i>	129,593.23	1,310,722.32
Account receivable	<i>Note 2</i>	54,344,907.93	62,983,956.72
Receivable financing	<i>Note 3</i>	81,142,985.20	80,904,604.71
Advances paid		4,056,580.80	2,977,144.94
Other receivables		3,531,973.11	35,401,837.91
Inventories		57,829,708.44	47,603,420.50
Contract Assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		5,566,792.62	4,367,007.54
Total Current Assets		<u>744,976,641.42</u>	<u>713,915,618.95</u>

Assets	<i>Section 6</i> Closing balance	Opening balance
Non-current Assets:		
Debt investments		
Other debt investments		
Long-term accounts receivable		
Long-term equity investments	42,413,213.47	45,754,237.81
Other equity instrument investments	8,800,035.00	5,607,816.00
Other non-current financial assets		
Investment Property	64,857,230.44	67,436,327.72
Fixed assets	130,291,420.65	137,317,016.07
Construction in process	817,092.44	775,646.90
Productive biological assets		
Oil&gas assets		
Right-of-use assets		
Intangible assets	32,105,071.51	32,566,614.61
Capitalised R&D expenses		
Goodwill		
Long-term deferred expenses	2,642,456.38	1,114,542.68
Deferred income tax assets		
Other non-current assets	605,308.31	66,287.54
	-----	-----
Total Non-current Assets	<u>282,531,828.20</u>	<u>290,638,489.33</u>
Total Assets	<u>1,027,508,469.62</u>	<u>1,004,554,108.28</u>

(The notes to the financial statements attached hereto form an integral part of the consolidated financial statements)

LIABILITIES AND EQUITY*Section 6* **Closing balance** Opening balance**Current Liabilities:**

Short-term borrowings			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable	<i>Note 4</i>	17,822,625.75	21,421,997.00
Advances received		219,115.60	707,219.17
Contract liabilities		5,249,150.83	3,897,101.34
Employee benefits payable		16,860,915.47	19,022,162.23
Taxes and rates payable		4,178,832.26	1,486,978.23
Other payables		42,240,725.49	22,859,783.93
Liabilities held for sale			
Non-current liabilities due within one year		420,405.46	433,080.49
Other current liabilities		427,273.25	252,153.05
		-----	-----
Total Current Liabilities		87,419,044.11	70,080,475.44
		-----	-----
Non-current Liabilities:			
Long-term borrowings		4,342,903.22	4,690,379.98
Bonds payable			
Including: Preferred shares			
perpetual bonds			
Lease Liabilities			
Long-term accounts payable			
Long-term employee benefits payable		37,251,904.99	40,582,354.50
Provisions			
Deferred income		49,084,616.50	50,395,466.20
Deferred tax liabilities			
Other non-current liabilities			
		-----	-----
Total Non-current Liabilities		90,679,424.71	95,668,200.68
		-----	-----
Total Liabilities		178,098,468.82	165,748,676.12
		=====	=====

LIABILITIES AND EQUITY*Section 6* **Closing balance** Opening balance**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>	8,088,842.69	4,896,623.69
Special reserves			
Surplus reserves		8,726,923.61	8,726,923.61
Retained earnings		-295,826,001.59	-297,500,420.97
		<hr/>	<hr/>
Total equity attributable to the parent company		<u>762,917,886.79</u>	<u>754,883,248.41</u>
Non-controlling interest		<u>86,492,114.01</u>	<u>83,922,183.75</u>
Total Owners' Equity		<u><u>849,410,000.80</u></u>	<u><u>838,805,432.16</u></u>
Total Liabilities and Owners' Equity		<u><u>1,027,508,469.62</u></u>	<u><u>1,004,554,108.28</u></u>

(The notes to the financial statements attached hereto form an integral part of the consolidated financial statements)

CONSOLIDATED INCOME STATEMENT

For January to June of year 2022

Chengdu SIWI Science and Technology Company Limited

(Monetary Unit: CNY)

Items	Section 6	Current period cumulative	Preceding period comparative
I. Total operating Revenue	<i>Note 6</i>	132,908,478.03	126,389,508.18
Less: Cost of sales	<i>Note 6</i>	102,871,266.05	116,456,692.76
Tax and surcharge	<i>Note 7</i>	2,993,135.89	1,036,245.24
Marketing expenses		1,666,545.30	4,039,075.13
Administration expenses		22,056,671.24	20,137,285.38
R&D expenses		4,440,941.85	5,439,966.60
Financial costs	<i>Note 8</i>	-5,052,773.32	-3,811,679.29
Including: Interest expenses		37,579.28	44,857.78
Interest income		4,763,976.20	3,608,937.76
Add: Other income		1,448,817.32	6,193,102.62
Investment income (or less: loss)		-3,282,021.24	-3,917,243.03
Including: Investments income from joint ventures and associates			
Amortized cost		-3,341,024.34	-3,917,243.03
Net open hedge income (or less: loss)			
Gain on changes in fair value (or less: loss)			
Credit impairment loss (or less: loss)		1,836,987.02	-2,886,966.05
Assets impairment loss (or less: loss)			-281,437.28
Gains on assets disposal (or less: loss)			
		-----	-----
II. Operating Profit (or less: loss)		3,936,474.12	-17,800,621.38
		-----	-----
Add: Non-operating revenue		308,092.21	50,434.37
Less: Non-operating expenditures		216.69	12,000.00
		-----	-----
III. Profit before tax (or less: loss)		4,244,349.64	-17,762,187.01
		-----	-----
Less: Income tax			

Items	<i>Section 6</i>	Current period cumulative	Preceding period comparative
IV. Net profit (or less: net loss)		<u>4,244,349.64</u>	<u>-17,762,187.01</u>
Including: Net profit realized by the merged party under common control before the merger			
(I) Categorized by continuity of operations			
1. Net profit from continuing operations (or less: loss)		4,244,349.64	-17,762,187.01
2. Net profit from discontinued operations (or less: loss)			
(II) Categorized by the portion of equity ownership			
1. Net profit attributable to owners of parent company (or less: loss)		1,674,419.38	-12,895,954.94
2. Net profit attributed to non-controlling shareholders (or less: loss)		2,569,930.26	-4,866,232.07
V. Other comprehensive income after tax		<u>3,192,219.00</u>	<u>-472,264.02</u>
Items attributable to the owners of the parent company			
		<u>3,192,219.00</u>	<u>-472,264.02</u>
(I) Not to be reclassified subsequently to profit and loss			
		<u>3,192,219.00</u>	<u>-472,264.02</u>
1. Changes in remeasurement on the net defined benefit plan			
2. Items under equity method that will not be reclassified to profit and loss			
3. Changes in fair value of other equity instrument investments			
		3,192,219.00	-472,264.02
4. Changes in fair value of own credit risk			
5. Others			
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Items	<i>Section 6</i>	Current period cumulative	Preceding period comparative
(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			
VI. Total comprehensive income		7,436,568.64	-18,234,451.03
Items attributable to the owners of the parent company		4,866,638.38	-13,368,218.96
Items attributable to non-controlling shareholders		2,569,930.26	-4,866,232.07
VII. Earning per share(EPS)			
(I) Basic EPS (yuan per share)		0.0042	-0.03
(II) Ddiluted EPS (yuan per share)		0.0042	-0.03

(The notes to the financial statements attached are an integral part of the consolidated financial statements)

CONSOLIDATED CASH FLOW STATEMENT

For January to June of year 2022

Chengdu SIWI Science and Technology Company Limited

(Monetary Unit: CNY)

Items	Section 6	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:			
Cash receipts from sales of goods or rendering of services		102,615,388.17	146,000,510.24
Receipts of tax refund			
Other cash receipts related to operating activities		62,632,833.01	24,307,251.75
Subtotal of cash inflows from operating activities		165,248,221.18	170,307,761.99
Cash payment for goods purchased and service received		87,793,455.97	144,721,007.87
Cash paid to and on behalf of employees		26,628,695.91	26,940,547.42
Cash payments for taxes and rates		4,592,814.39	1,536,397.96
Other cash payments related to operating activities		16,838,461.39	16,509,743.59
Subtotal of cash outflows from operating activities		135,853,427.66	189,707,696.84
Net cash flows from operating activities		29,394,793.52	-19,399,934.85
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			556,733.44
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		31,389,153.10	16,556,733.44
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		649,657.85	345,295.98
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		649,657.85	345,295.98
Net cash flows from investing activities		30,739,495.25	16,211,437.46

Items	<i>Section 6</i>	Current period cumulative	Preceding period comparative
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		210,378.93	231,534.39
Cash payments for distribution of dividends or profits and for interest expenses		37,579.28	44,857.78
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		247,958.21	276,392.17
Net cash flows from financing activities		-247,958.21	-276,392.17
IV. Effect of foreign exchange rate changes on cash & cash equivalents		177,205.98	
V. Net increase in cash and cash equivalents		60,063,536.54	-3,464,889.56
Add: Opening balance of cash and cash equivalents		404,877,329.33	408,342,218.89
VI. Closing balance of cash and cash equivalents		464,940,865.87	404,877,329.33

(The notes to the financial statements attached are an integral part of the consolidated financial statements)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For January to June of year 2022

Chengdu SIWI Science and Technology Company Limited

(Monetary Unit: CNY)

Items	Current period cumulative											
	Equity attributable to parent company					Other						
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earning	Non-controlling interest	Total equity
I. Balance at the end of period	400,000,000.00				638,760,122.08		4,896,623.69		8,726,923.61	-297,500,420.97	83,922,183.75	838,805,432.16
Add: Cumulative changes of accounting policies												
Error correction of prior period												
Business combination under common control												
Others												
II. Balance at the beginning of current year	400,000,000.00				638,760,122.08		4,896,623.69		8,726,923.61	-297,500,420.97	83,922,183.75	838,805,432.16
III. Current period increase (or less: decrease)					3,168,000.00		3,192,219.00			1,674,419.38	2,569,930.26	10,604,568.64
(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 plan carried over to retained earnings												
5. Other comprehensive income carried over to retained earnings												
6. Others												
(V) Special reserve												
1. Appropriation of current period												
2. Application of current period												
(VI) Others					3,168,000.00							3,168,000.00
IV. Balance at the end of current period	400,000,000.00				641,928,122.08		8,088,842.69		8,726,923.61	-295,826,001.59	86,492,114.01	849,410,000.80

(The notes to the financial statements attached are an integral part of the consolidated financial statements)

Current period cumulative

Items	Equity attributable to parent company						Non-controlling interest	Total equity			
	Other equity instruments			Less: Treasury shares							
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserve	Special reserve	Surplus reserve	Retained earning	Other comprehensive income		
I. Balance at the end of period	400,000,000.00				638,760,122.08		8,726,923.61	-245,232,130.12	3,017,621.29	89,284,034.57	894,556,571.43
Add: Cumulative changes of accounting policies											
Error correction of prior period											
Business combination under common control											
Others											
II. Balance at the beginning of current year	400,000,000.00				638,760,122.08		8,726,923.61	-245,232,130.12	3,017,621.29	89,284,034.57	894,556,571.43
III. Current period increase (or less: decrease)											
(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 plan carried over to retained earnings											
5. Other comprehensive income carried over to retained earnings											
6. Others											
(V) Special reserve											
1. Appropriation of current period											
2. Application of current period											
(VI) Others											
IV. Balance at the end of current period	400,000,000.00				638,760,122.08		8,726,923.61	-258,128,085.06	2,545,357.27	84,417,802.50	876,322,120.40

(The notes to the financial statements attached are an integral part of the consolidated financial statements)

I. NOTES TO THE ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENT

Note 1. Notes receivable

1. Details of notes receivable on categories

Items	Closing balance	Opening balance
Bank acceptance		
Trade acceptance	220,408.00	1,961,545.37
Subtotal	<u>220,408.00</u>	<u>1,961,545.37</u>
Less: Provision for bad debts	<u>90,814.77</u>	<u>650,823.05</u>
Total	<u><u>129,593.23</u></u>	<u><u>1,310,722.32</u></u>

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

Categories	Book balance		Closing balance Provision for bad debts		Carrying amount
	Amount	to total (%)	Amount	Provision proportion (%)	
Notes receivable with provision made on an individual basis					
Notes receivable with provision made on a collective basis	220,408.00	100.00	90,814.77	41.20	129,593.23
Including: Bank acceptance					
Trade acceptance	<u>220,408.00</u>	<u>100.00</u>	<u>90,814.77</u>	<u>41.20</u>	<u>129,593.23</u>
Total	<u><u>220,408.00</u></u>	<u><u>100.00</u></u>	<u><u>90,814.77</u></u>	<u><u>41.20</u></u>	<u><u>129,593.23</u></u>

Continued:

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

3. Notes receivable with provision made on a collective basis

Items	Book balance	Closing balance Provision for bad debts	Provision proportion (%)
Trade acceptance portfolio	<u>220,408.00</u>	<u>90,814.77</u>	<u>41.20</u>
Total	<u><u>220,408.00</u></u>	<u><u>90,814.77</u></u>	<u><u>41.20</u></u>

4. Changes in provision for bad debts in current period

Categories	Opening balance	Changes				Closing balance
		Accrual	Recovery or reversal	Write-off	Others	
Notes receivable with provision made on an individual basis						
Notes receivable with provision made on a collective basis	650,823.05		560,008.28			90,814.77
Including: Bank acceptance						
Trade acceptance	<u>650,823.05</u>		<u>560,008.28</u>			<u>90,814.77</u>
Total	<u><u>650,823.05</u></u>		<u><u>560,008.28</u></u>			<u><u>90,814.77</u></u>

5. No pledged notes at the balance sheet date

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

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance	<u>77,108,124.77</u>	<u> </u>
Total	<u><u>77,108,124.77</u></u>	<u><u> </u></u>

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

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

Items	Transfer to accounts receivable
Trade acceptance	<u>27,710.82</u>
Total	<u><u>27,710.82</u></u>

Note 2. Accounts receivable

1. Details of accounts receivable with age analysis method

Ages	Closing balance	Opening balance
Within 1 year	51,956,728.04	58,386,413.63
1-2 years	1,103,010.49	2,353,670.48
2-3 years	1,742,996.08	6,527,124.13
Over 3 years	53,903,920.88	51,202,542.82
Subtotal	<u>108,706,655.49</u>	<u>118,469,751.06</u>
Less: Provision for bad debts	<u>54,361,747.56</u>	<u>55,485,794.34</u>
Total	<u><u>54,344,907.93</u></u>	<u><u>62,983,956.72</u></u>

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

Categories	Book balance		Closing balance Provision for bad debts		Carrying amount
	Amount	to total (%)	Amount	Provision proportion (%)	
Receivable with provision made on an individual basis	46,514,321.66	42.79	46,514,321.66	100.00	
Receivable with provision Made on a collective basis	62,192,333.83	57.21	7,847,425.90	12.62	54,344,907.93
Including: Related party portfolio	1,368,588.74	1.26	6,842.94	0.50	1,361,745.80
Non-related party portfolio	<u>60,823,745.09</u>	<u>55.95</u>	<u>7,840,582.96</u>	<u>12.89</u>	<u>52,983,162.13</u>
Total	<u><u>108,706,655.49</u></u>	<u><u>100.00</u></u>	<u><u>54,361,747.56</u></u>	<u><u>50.01</u></u>	<u><u>54,344,907.93</u></u>

Continued:

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

3. Accounts receivable with 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 Hengfuda Communication Equipment Co., Ltd	1,621,814.62	1,621,814.62	100.00	Not expect to be recoverable
Sichuan Chuandong Electromechanical Equipment Installation Company	1,606,692.41	1,606,692.41	100.00	Not expect to be recoverable
Chongqing Xiongying Communication Co., Ltd	1,414,724.47	1,414,724.47	100.00	Not expect to be recoverable
Yiwu Zhihaoda e-commerce Co., Ltd	1,344,969.65	1,344,969.65	100.00	Not expect to be recoverable
Hangzhou Hanyi Plastic Pipe Materials Co., Ltd.	1,156,614.94	1,156,614.94	100.00	Not expect to be recoverable
Zhongnan Company, China Postal And Electrical Material Company	1,116,797.27	1,116,797.27	100.00	Not expect to be recoverable
Zhejiang Wanneng Communications Group Co., Ltd.	1,079,528.38	1,079,528.38	100.00	Not expect to be recoverable
Others	33,128,863.74	33,128,863.74	100.00	Not expect to be recoverable
Total	<u>46,514,321.66</u>	<u>46,514,321.66</u>	<u>100.00</u>	

4. Accounts receivable with provision made on a collective basis

(1) Related party portfolio

Age	Book balance	Closing balance	
		Provision for bad debts	Provision proportion (%)
Within 1 year	899,474.52	4,497.38	0.50
1-2 years	344,800.60	1,724.00	0.50
2-3 years	10,056.08	50.29	0.50
Over 3 years	114,257.54	571.27	0.50
Total	<u>1,368,588.74</u>	<u>6,842.94</u>	<u>0.50</u>

(2) *Non-related party portfolio*

Age	Book balance	Closing balance	Provision proportion (%)
		Provision for bad debts	
Within 1 year	51,057,253.52	1,800,545.52	3.53
1-2 years	758,209.89	202,486.39	26.71
2-3 years	1,714,881.33	733,609.89	42.78
Over 3 years	7,293,400.35	5,103,941.16	69.98
Total	<u>60,823,745.09</u>	<u>7,840,582.96</u>	<u>12.89</u>

5. *Changes in provision for bad debts*

Categories	Opening balance	Changes				Closing balance
		Accrual	Recovery or reversal	Write- off	Others	
Receivable with provision made on an individual basis	46,978,797.08		464,475.42			46,514,321.66
Receivable with provision made on a collective basis	8,506,997.26		659,571.36			7,847,425.90
Including: Related party portfolio	7,353.67		510.73			6,842.94
Non-related party portfolio	<u>8,499,643.59</u>		<u>659,060.63</u>			<u>7,840,582.96</u>
Total	<u>55,485,794.34</u>		<u>1,124,046.78</u>			<u>54,361,747.56</u>

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

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

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

7. Details of the top 5 debtors with largest balances

Debtors	Closing balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
CRRC Zhuzhou Locomotive Co., Ltd.	8,123,145.44	7.47	321,676.56
Liuzhou Locomotives Vehicle Factory	7,173,430.60	6.60	284,067.85
Zhuzhou CRRC Times Electric Co., Ltd.	6,971,482.97	6.41	276,070.73
China United Network Communications Corporation Limited – Baotou Branch	4,282,000.00	3.94	169,567.20
CRRC Ziyang Locomotive Co., Ltd.	3,031,432.54	2.79	1,178,714.87
Total	<u>29,581,491.55</u>	<u>27.21</u>	<u>2,230,097.21</u>

Note 3. Receivables financing

Items	Closing balance	Opening balance
Bank acceptance	<u>81,142,985.20</u>	80,904,604.71
Total	<u>81,142,985.20</u>	<u>80,904,604.71</u>

- (1) The company often endorses bank acceptances. Its business model is to collect cash flow from contract as well as sell the financial assets as the target, and it is listed as “receivables financing”. The final endorsement of bank acceptances before maturity is terminated.
- (2) After evaluation, the Company believes that there is no significant credit risk in the bank acceptances held during the reporting period and no significant loss will occur due to the acceptor’s default.

Note 4. Accounts payable

1. Details of accounts payable with age analysis method

Age	Closing balance	Opening balance
Within 1 year	15,884,405.55	19,634,066.38
1-2 years	452,235.88	
2-3 years	993,304.33	1,008,087.88
Over 3 years	<u>492,679.99</u>	<u>779,842.74</u>
Total	<u>17,822,625.75</u>	<u>21,421,997.00</u>

2. Details of accounts payable on categories

Items	Closing balance	Opening balance
Material purchase	17,795,725.75	21,387,557.00
Equipment and engineering fund	26,900.00	26,900.00
Payable operating expense	—	7,540.00
Total	<u>17,822,625.75</u>	<u>21,421,997.00</u>

Note 5. Other comprehensive income (OCI)

Items	Opening balance	Current period cumulative before income tax	Less: OCI previously recognized but transferred to profit or loss in current period	Less: OCI previously recognized but transferred to retained earnings in current period	Less: hedging reserves transfer to assets or liabilities	Less: Income tax	Current period cumulative				Closing balance
							Attributable to parent company	Attributable to non-controlling shareholders	Less: Transfer to of the set benefit plan variation	Less: OCI previously recognized but transferred to retained earning in current period	
Items not to be reclassified subsequently to profit or loss	4,896,623.69	3,192,219.00				3,192,219.00					8,088,842.69
Changes in fair value of other equity											
Instrument investments	4,896,623.69	3,192,219.00				3,192,219.00					8,088,842.69
Items to be reclassified subsequently to profit or loss											
Total	<u>4,896,623.69</u>	<u>3,192,219.00</u>				<u>3,192,219.00</u>					<u>8,088,842.69</u>

Note 6. Operating income/Operating cost

1. Details of operating income and operating cost

Items	Current period cumulative		Preceding period cumulative	
	Income	Cost	Income	Cost
Main operations	110,236,726.89	92,589,570.93	107,279,192.53	108,348,401.52
Other operations	22,671,751.14	10,281,695.12	19,110,315.65	8,108,291.24
Total	<u>132,908,478.03</u>	<u>102,871,266.05</u>	<u>126,389,508.18</u>	<u>116,456,692.76</u>

2. Details of contract revenue

Categories	Copper cable and related products	Optical communication products	Cable conduct and related products	Total
1. Product types				
Optical fiber products		85,892,567.76		85,892,567.76
Track cable	19,987,360.19			19,987,360.19
5G mobile intelligent terminal trade	3,618,181.61			3,618,181.61
Processing service	1,946,783.73			1,946,783.73
Feeder line and component	82,402.22			82,402.22
Others	7,622,646.87	836,251.57	1,392,115.99	9,851,014.43
Subtotal	<u>33,257,374.62</u>	<u>86,728,819.33</u>	<u>1,392,115.99</u>	<u>121,378,309.94</u>
2. Recognition time				
Transferred at a point in time	<u>33,257,374.62</u>	<u>86,728,819.33</u>	<u>1,392,115.99</u>	<u>121,378,309.94</u>
Total	<u><u>33,257,374.62</u></u>	<u><u>86,728,819.33</u></u>	<u><u>1,392,115.99</u></u>	<u><u>121,378,309.94</u></u>

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

Note 7. Tax and surcharge

Items	Current period cumulative	Preceding period cumulative
Land use tax	1,241,590.19	391,879.60
Property tax	1,212,681.38	412,160.00
Urban maintenance and construction	222,910.07	43,587.65
Stamp duty	140,469.16	135,751.42
Education surcharge	95,532.87	30,530.84
Local education surcharge	63,688.59	
Resource tax	13,863.63	
Vehicle and vessel use tax	2,400.00	4,805.00
Other tax		17,530.73
Total	<u><u>2,993,135.89</u></u>	<u><u>1,036,245.24</u></u>

Note 8. Financial costs

Items	Current period cumulative	Preceding period cumulative
Interest expenditures	37,579.28	44,857.78
Less: Interest income	4,763,976.20	3,608,937.76
Gains & losses on foreign exchange	-339,116.79	-269,369.19
Bank charges	12,740.39	21,769.88
Total	<u><u>-5,052,773.32</u></u>	<u><u>-3,811,679.29</u></u>

II. INTEREST IN OTHER ENTITIES

(1) Interest in subsidiaries

1. Composition of the company

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

2. Significant partially-owned subsidiaries

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

3. Main financial information of significant partially-owned subsidiaries

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

Item	Chengdu SEI Optical Fiber Co., Ltd	
	Closing balance	Opening balance
Current assets	184,941,779.76	177,534,318.16
Non-current assets	47,406,642.22	51,323,984.45
Total assets	232,348,421.98	228,858,302.61
Current liabilities	14,714,536.89	17,553,543.18
Non-current liabilities	1,403,600.00	1,499,300.00
Total liabilities	16,118,136.89	19,052,843.18
Operating income	86,728,819.33	72,021,300.00
Net profit	6,424,825.66	-12,165,600.00
Total comprehensive income	6,424,825.66	-12,165,600.00
Cash Flow of Operational Activities	-1,609,925.32	20,708,900.00

(2) Interest in joint venture or associates

1. Significant joint ventures or associates

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

2. *Main financial information of significant associates*

Item	Closing balance/ Current period cumulative	
	Chengdu Bada Connector Co., Ltd.	Putian Fasten Cable Telecommunication Co., Ltd.
Current assets	53,006,356.42	1,360,100,809.63
Non-current assets	5,639,742.07	135,214,587.72
Total assets	<u>58,646,098.49</u>	<u>1,495,315,397.35</u>
Current liabilities	47,409,681.13	851,843,045.52
Non-current liabilities	1,977,165.64	273,709,231.07
Total liabilities	<u>49,386,846.77</u>	<u>1,125,552,276.59</u>
Non-controlling interests	1,057,635.00	
Equity attributable to owners of parent company	8,201,616.72	369,763,120.76
Proportionate share in net assets	4,018,792.04	36,976,312.07
Adjustments		
– Goodwill		1,418,109.36
– Unrealized profits from internal transactions		
– Other		
Carrying amount of investments in associates	4,018,792.04	38,394,421.43
Fair value of equity investments in associates in association with quoted price		
Operating income	97,461,623.21	185,386,929.41
Net profit	-1,597,993.37	-25,582,748.46
Net profit of discontinued operations		
Other comprehensive income		
Total comprehensive income	-1,597,993.37	-25,582,748.46
Dividend from associates received in current period		

Continued:

Item	Opening balance/ Last period cumulative	
	Chengdu Bada 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 in association with quoted price		
Operating income	77,937,113.91	204,247,552.88
Net profit	-1,802,194.57	-30,341,676.92
Net profit of discontinued operations		
Other comprehensive income		
Total comprehensive income	-1,802,194.57	-30,341,676.92
Dividend from associates received in current period		

III. OTHER SIGNIFICANT EVENTS

Segment information

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

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

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

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

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

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

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

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

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

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

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

3. Reporting segment

Items	Closing balance/Current period amount				Total
	Copper cables and related products	Optical communication products	Wire casings and related products	Elimination	
1. Operating Revenue	70,701,812.59	86,728,819.33	6,049,291.39	-30,571,445.28	132,908,478.03
Including: External transaction revenue	4,211,533.29	86,728,819.33	6,049,291.39	-	96,989,644.01
Revenue between segments	66,490,279.30	-	-	-30,571,445.28	35,918,834.02
2. Operating Cost	74,321,192.98	80,458,968.06	4,767,071.25	-30,571,445.28	128,975,787.01
Including: Depreciation and Amortization	4,381,839.40	3,917,342.23	1,442,431.68	-	9,741,613.31
3. Investments income in associates and joint ventures	-3,341,024.34				-3,341,024.34
4. Credit loss	1,539,874.03	-603.37	180,071.63	117,644.73	1,836,987.02
5. Asset impairment loss					
6. Total profits	-4,992,429.66	6,424,825.66	2,694,308.91	117,644.73	4,244,349.64
7. Cost of income tax					
8. Net profit	-4,992,429.66	6,424,825.66	2,694,308.91	117,644.73	4,244,349.64
9. Total asset	947,092,060.51	232,348,421.98	86,070,549.26	-238,002,562.13	1,027,508,469.62
10. Total liabilities	171,278,269.44	16,118,136.89	51,730,163.09	-61,028,100.60	178,098,468.82
11. Other important non cash items	649,657.85				649,657.85

IV. OTHER SUPPLEMENTARY INFORMATION

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	0.22	0.0042	0.0042
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	-0.06	-0.0012	-0.0012

2. Calculation process of weighted average RONA

Item	Symbol	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	1,674,419.38
Non-recurring profit or loss	B	2,138,081.68
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	-463,662.30
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	
Number of months counting from the next month when the net assets were increased to the end of the reporting period	F	
Net assets attributable to shareholders of ordinary shares decreased due to share repurchase or cash dividends appropriation	G	
Number of months counting from the next month when the net assets were decreased to the end of the reporting period	H	
Increase in net assets caused by changes in fair value of other equity instruments	I1	3,192,219.00
Others		
Increase in net assets caused by changes in remnants of write-downs linked to the performance of wage balance	I2	3,168,000.00
Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	J	3
Number of months in the reporting period	K	6
	$L=D+A/2+E \times F/$ $K-G \times H/K \pm I \times J/$	
Weighted average net assets	K	758,900,567.60
Weighted average RONA	$M=A/L$	0.22%
Weighted average RONA after deducting non-recurring profit or loss	$N=C/L$	-0.06%

3. Calculation process of basic EPS and diluted EPS

Calculation process of basic EPS

Item	Symbol	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	1,674,419.38
Non-recurring profit or loss	B	2,138,081.68
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	-463,662.30
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	6
	$L=D+E+F \times G /$	
Weighted average of outstanding ordinary shares	$K-H \times I / K-J$	400,000,000.00
Basic EPS	$M=A/L$	0.0042
Basic EPS after deducting non-recurring profit or loss	$N=C/L$	-0.0012

(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

(I) RESULTS ANALYSIS

During the Period, Chengdu SIWI Science and Technology Company Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) was principally engaged in the manufacturing and sales of various types of telecommunication cables and optical fibers.

During the Period, the Group recorded a total turnover of RMB132,908,478.03, representing an increase of approximately 5.16% as compared with the corresponding period last year.

During the Period, total sales of copper cables, optical cables, optical fibers and related products amounted to RMB111,072,978.46, representing an increase of approximately 2.69% as compared with the corresponding period last year. Total sales of optical fibers by Chengdu SEI Optical Fiber Co., Ltd. (“**Chengdu SEI**”), a principal subsidiary of the Company, amounted to RMB86,728,819.33, representing an increase of 20.42% as compared with the corresponding period last year. Total sales of wire feed cables and other products by Chengdu Zhongling Radio Communications Co., Ltd. (“**Chengdu Zhongling**”) amounted to RMB25,429,079.40, representing a decrease of 24.74% as compared with the corresponding period last year.

The increase in revenue from principal businesses was mainly due to the revenue increase as a result of the rebound in the optical telecommunication market and increase of unit price.

(II) REVIEW OF PRINCIPAL BUSINESSES

To improve the performance of the Group, the board of directors of the Company (the “**Board**”) proactively adjusted the production and operation strategies in response to the changes in internal and external environments of the Group and the market. The major business activities of the Group during the Period are summarized as follows:

I. Major operations

1. Track Cable Business

In the first half of 2022, due to factors such as the pandemic, the low season (first half of the year) and the suspension of some projects of customers, the sales revenue of the business still fell short of the full-year target. The Company focused on technical research and development and completed trial production of relevant products and sent samples to key customers; promoted the research and development of domestic substitution of imported cables and obtained preliminary technological and skill reserves.

2. Optical Fibers Business

Benefiting from the rebound in the optical telecommunications market and the increase in unit price, as well as the Company's active adjustment of its production and sales structure to increase the overall unit price, the optical fiber business exceeded its half-year target during the Period. Focusing on reducing the "Two Funds", the Company's accounts receivable turnover days and inventory turnover days remained within a reasonable range. The production process was optimised to improve operational efficiency and the product passing rate remained stable.

3. Park Operation Business

In the first half of 2022, due to factors such as tenant adjustment and the COVID-19 pandemic, revenue for the business was slightly below the half-year target. The Company focused on rent assessment and actively introduced tenants to vacant plants.

4. Material Processing Business

Sales revenue fell short of the full year target due to internal adjustments in market development and customer maintenance in the first half of the year. By understanding the market situation and developing a reasonable market development plan, gross profit for the first half was better than the budgeted loss.

5. Cable Assembly Business

In the first half of 2022, the Company initiated work around building production capacity and undertaking production tasks, completing new worker training, team building, national military standard certification, installation and commissioning of production testing equipment, and information system construction, laying a solid foundation for the smooth start of business.

II. Internal management

1. Striving to create a new stage in Party building work and enhance grassroots Party building work

The Group continued its in-depth study and implementation of the spirit of the 19th National People's Congress of the Party and the Second, Third, Fourth and Fifth Plenary Sessions of the 19th Central Commission for Discipline Inspection, and thoroughly implemented the spirit and task arrangement of Party committee meetings. In the first half of 2022, the Company began to tackle the problems brought forth by the political inspection opinions of the Party committee inspection team, forming a rectification plan, specifying the responsible person and the rectification time, A kick-off meeting was held for the "Solid Foundation Initiative", and a kick-off meeting was held with 7 senior Party organisations at the institute level to start the collaboration work and complete the signing

of the collaboration agreement, and the co-built branches have completed some system revisions and carried out the docking work of relevant business units. The Party Committee and Discipline Inspection Committee of the Company completed the election work for the new term and reset and adjusted 6 branches.

2. *Establishing a sound system and make up for the shortcomings of a perfect system*

The Company constructed its organisation structure in accordance with 29 types of management systems, including functional management and business management, involving 11 management functions including administration, Party affairs, human resources, discipline inspection and audit, legal risk, finance, culture and publicity, procurement, assets, infrastructure, and joint-stock company operations.

3. *Enhancing project works and serving production and operation*

The Company carried out salary reform, clarified the principles of salary reform and drew up preliminary plans. By the issuance of the Salary Management Measures for Assembly Operators, the Company formulated the Performance Appraisal Scheme for the first half of 2022 in accordance with its performance appraisal methods, and organised the implementation of performance appraisal work. By optimizing the selection and employment mechanism, its candidates for 17 posts of departmental officers and deputies after the adjustment of the organizational structure were determined by means of organizational nomination and appointment, internal open competition and selection, etc., so that the cadre team of the Company was gradually rejuvenated to form a more energetic and dynamic management team for the Company. Through the designation of responsibilities of each department, the Company completed the fixing of posts and staffing, and by means of personnel transfer, recruitment and return to work, a reasonable demand for talents can be assured and sufficient and qualified human resources can be provided for the operation and development of the Company.

4. *Financial management*

The Company commenced work on centralized financial management by the centralisation of financial staff in accordance with the work plan, unifying the financial approval process and nodes, and conducting financial accounting by business segment. As of the end of June, RMB15.9 million was recovered through the work of special asset clean-up, classification of receivables into eight categories and adopting different clean-up measures for different categories of receivables. The Company has strengthened cost reduction and budget control, convened cost reduction plan communication meetings and cost reduction promotion meetings, formulated specific measures and completion time, and reported on the progress of cost reduction on a monthly basis. The Company organised monthly management analysis meetings and monitored the execution of budgets and urged business departments to rectify and implement relevant issues after the meetings. The Company has actively implemented the rectification of audit issues and completed the rectification of all the five issues raised in the management proposal.

5. *Strengthening investment management and proceeding on the streamlining of legal persons in accordance with the law*

In accordance with the principle of taking legal actions where necessary, the Company filed lawsuit against Jiangsu Fasten Optics Telecommunication Technology Limited (江蘇法爾勝光通信科技有限公司) for overdue recovery of the remaining balance of the 12.5% equity transfer from Putian Fasten, and successfully recovered the total outstanding equity transfer amount, interest and liquidated damages of RMB34,134,450, as well as the outstanding payment for goods sold of RMB504,100. In accordance with the requirements of the SASAC and the Group Company's special action plan for the comprehensive management of "Reinforcing Financial Discipline and Compliant Operation", the "Work Plan for Strengthening the Clean-up and Regularization of Participating Enterprises" was prepared and the streamlining of legal persons of participating enterprises was carried out in an orderly manner according to the plan.

6. *Assets management*

For its fixed assets inventory, the Company has established a fixed assets management system based on the management principles of "coordinated management, top-level control and hierarchical responsibility", with the professional support departments (units) acting as the primary management departments for fixed assets and the user departments as the secondary management departments, with each user department acting as the smallest operational management unit for coordinated allocation and management. In order to ascertain the actual status of the Company's assets, a stock-taking project of the Company's fixed assets was carried out, and completed the inventory checking project of the other four types of fixed assets (1,115 items in the existing financial accounts), except for land and housing and a comprehensive inventory report was produced. In accordance with the fixed assets obsolescence process, technical appraisal work was commenced for all 319 assets applied for obsolescence at all levels, and a full appraisal report will be prepared.

7. *Procurement management*

Our work in this respect is to sort out the relationship between the Company's procurement authority and responsibility, and refine the whole process of procurement application, planning, implementation and contract control. The Company adopted a "physically decentralized, centrally managed" approach to strengthen the management of the treasury, with strict management of procurement contracts, making general comparison and evaluation of procurement operations, and centralize its management through a combination of online processes and offline ledgers.

8. *Quality management*

The Company planned the establishment of the GJB Quality Management System and obtained the GJB Weapons and Equipment Quality Management System Certification. The Company completed a review of 14 product certifications and organised assessment of 8 certificates with abnormal status and risky items, a comprehensive mapping and verification of all suppliers was conducted and assessment of 9 new suppliers related to the key components business was organized. A non-conforming product audit system authorized by the Company was established and quality problem handling was commenced.

9. *Construction of informatisation work*

The internal email box system was completed and put into use; the production management information system was optimised and the system application functions were improved; the development and operation of five expense accounts, procurement management, contract management and administrative management and other approval processes were completed and updated to ensure that the Company's business is matched with the information technology process. Through six rounds of meetings and on-site investigation with the service providers related to the upgrading of the park, a preliminary implementation plan was formed on security management, linking up of security and fire safety systems and providing convenient access within the park.

10. *Risk management*

The Company commenced on risk inspection work at all levels, identified a total of 22 "Risk Incidents Above RMB1 Million in 2021"; identified major risks for the Company in 2022 and formed the "Key Risks Control Table for the Enterprise in 2022 (6 items with thresholds)"; The Company's headquarter and three companies under its control launched a self-examination and self-correction of four internal control constructions: capital, contracts, procurement and sales, and examined a total of 10 issues. As of 30 June, all defects had been rectified. The Company also optimized the management of contracts and improved efficiency of legal management to provide professional legal support to the Company in making major decisions. The Company organised specific training on risk prevention on the basis of contracts, identified red lines for contract management, formulated and promoted the use of 8 standard contract forms, and ensured that all contracted are reviewed by the legal department.

(III) FINANCIAL ANALYSIS

As at 30 June 2022, the Group's total assets amounted to RMB1,027,508,469.62, representing an increase of 2.29% from RMB1,004,554,108.28 as at the end of last year, of which the total noncurrent assets amounted to RMB282,531,828.20, accounting for 27.50% of the total assets and representing a decrease of 2.79% from RMB290,638,489.33 as at the end of last year.

As at 30 June 2022, the Group's total current assets amounted to approximately RMB744,976,641.42, accounting for 72.50% of total assets and representing an increase of 4.35% from RMB713,915,618.95 as at the end of last year. The net cash flows from operating activities of the Group for the Period amounted to RMB29,394,793.52, while the net cash flows from operating activities for the corresponding period last year amounted to RMB-19,399,934.85.

As at 30 June 2022, the Group's bank balances and cash (including deposits with encumbrance) amounted to RMB538,374,100.09, representing an increase of 12.54% from RMB478,366,924.31 as at the end of last year.

As at 30 June 2022, the Group's total liabilities amounted to RMB178,098,468.82 (as at 31 December 2021: RMB165,748,676.12). The liability-to-total-asset ratio was 17.33%, representing an increase of 0.83% as compared with 16.50% as at the end of last year. Bank and other loans due within one year amounted to RMB420,405.46.

During the Period, the Group did not have other fund-raising activities.

During the Period, the Group's selling expenses, administrative expenses, research and development costs and finance costs amounted to RMB1,666,545.30, RMB22,056,671.24, RMB4,440,941.85 and RMB-5,052,773.32 respectively, representing a decrease of 58.74%, an increase of 9.53%, a decrease of 18.36% and a decrease of RMB1,241,094.03 from RMB4,039,075.13, RMB20,137,285.38, RMB5,439,966.60 and RMB-3,811,679.29 for the corresponding period last year, respectively.

During the Period, the average gross profit margin of the Group was 22.60%, representing an increase of 14.74% from 7.86% for the corresponding period last year.

1. Analysis of liquidity

As at 30 June 2022, the Group's current ratio and quick ratio were approximately 8.52 and approximately 7.86, respectively.

2. Analysis of financial resources

As at 30 June 2022, the Group's long-term borrowings amounted to RMB4,763,308.68. As the Group's bank deposits and cash amounted to RMB538,374,100.09, the Group had low exposure to short term solvency risk.

3. Capital structure of the Group

The Group's capital resources are derived from bank loans and proceeds from the issuance of shares by the Company. To ensure reasonable utilization of its capital, the Group has established a stringent and sound financial management system. During the Period, no inappropriate conduct, such as default in repayment of due debts and failure of performance of due obligations, was noted.

In the future, the Group will strengthen the control and management of funds so that they can be fully utilized under normal production and operation.

4. Contingent liabilities

As at 30 June 2022, the Group had no contingent liabilities (31 December 2021: Nil).

(IV) BUSINESS OUTLOOK

In the second half of 2022, the Company will seize the opportunity under the guidance of the Board and Supervisory Committee to invest most of its resources in attaining business growth by reducing costs while increasing efficiency as well as optimising and improving internal control, thereby striving for the accomplishment of various business goals.

I. Operating situation and measures taken

1. Track Cable Business

Focusing on identifying gaps with the industry, the Company will put increasing efforts on the development of new products required by existing customers, accelerate the R&D of thin-walled series cables and silicone rubber cables, and cooperate with sales to achieve customer audit and batch supply as soon as possible, and accelerate the optimization of raw material formulations, cost reduction and extrusion speed improvement. The Company will also proactively cooperate with the implementation of thin-walled cable production capacity and the optimization of existing equipment improvement work. We will continue the promotion of three-tier safety standards, complete the various safety special rectification work item by item and conduct safety training (including drills) simultaneously.

2. Optical Fibers Business

The Company will continue to carry out refined management of production and cost reduction measures to maintain profitability. We will research on product demand and select products which can be best supported by the Company's R&D capabilities. The Company will also trace the product supply chain to find suitable entry points to obtain stable supply and advantageous prices for procurement.

3. Park Operation Business

The Company will regulate the operations management of inventory assets and speed up the the completion of rental assessment matters and standardise rental pricing, carry out the second round of appraisal of vacant and expired factory premises, improve the operation plan and actively introduce tenants. The Company will implement the rent collection mechanism, strictly control the aging of accounts receivable and improve the rent recovery rate. We will carefully analyze the cost of self-made energy, improve the efficiency of energy supply, standardize the energy charging process, reasonably allocate the electricity consumption load, revise the electricity consumption planning and expansion plan of the parks in a timely manner, provide protection for the energy consumption of the Company's own industrial development and satisfy the energy consumption requirement of the tenant enterprises. The Company will ensure that there are no major environmental, safety and security accidents throughout the year, and complete the three-level production safety standard. At the same time, in accordance with the requirements of the Company's three-year production safety improvement plan, we will focus on "two themes and four requirements" to complete the entire project.

4. High-low Frequency Cable Business

The Company will build up hardware and software capabilities for product delivery, continue to improve the capabilities of staff in key processes, optimize processing flows and coordinate departmental cooperation to reduce procurement costs through price comparisons. Meanwhile, by gradually investing in automated equipment, the Company will improve production and testing efficiency and ensure delivery quality and delivery rates.

II. Management improvement

1. Party construction

As part of the "Celebrating the 20th NCPC, Striving for a New Journey" themed activities, the Company will focus on the annual KPI indicators, combine with the rectification of inspection issues, promote the effective integration of the Company's Party construction work with its own reform and development, and grasp the work of Party building with business development and team building. The Party committee will play the role of "control, management and promotion" to strictly implement the examining procedures before proceeding with the Party building work, deploy and promote the "strengthening foundation action" and collaboration of Party organizations, and carry out benchmarking and upgrading on aspects of Party foundation, enterprise management, safety production and ideology and culture to speed up the progress of the Company towards the goal of "reforming and turning losses into profits" as soon as possible. Under supervision of the Partly secretary, branch secretaries and Party members and cadres will play an exemplary role in contributing to the fortification of Party branched. Combining with the rectification plan of issues found through inspection, various problems will be dealt with and resolved

to achieve concrete results, thereby fostering the integration of party building work and business operation. Our staff will be guided to focus on the annual work tasks and be devoted to their jobs, and through cultural integration activities, to enhance the “spirit” of the staff for unity and achievement.

2. Integrated management

The Company will carry out supervision of business management around key tasks to ensure the effective implementation of Party’s decisions; deepen the reform of the Company’s remuneration system, strengthen the performance appraisal for cadres and staff, and carry out core business staff supplementation; focus on the Company’s goal of turning losses into profits, generate more income and reduce expenditure, and strengthen cost control. The Company will also grasp integrated management and strengthen risk control, improve the construction of asset management system and strengthen asset management awareness.

3. Procurement and quality management

The Company will complete the high-low frequency business alignment and procurement, continuously improve the quality management system and system construction, strengthen inspection and control capabilities, and continuously clean up and mitigate quality risks in our business in order to support business development.

4. Safety management, risk control management and informatization system construction

Under the goal of high quality development and the Company’s requirements, we will ensure that no safety, environmental protection and security incidents will occur while following the Company’s key production safety plan and the requirements of the implementation plan for the year to enhance safety management. The Company will complete the construction of safety standardisation for all three levels according to the planned progress, strengthen the construction of the rule of law, enhance staff awareness of compliance, and accelerate the construction of informatization system for park management enhancement and the establishment and operation of information system for asset management.

OVERDUE TIME DEPOSITS

As at 30 June 2022, the Group did not have any other deposit and trust deposit with non-banking financial institutions nor time deposits that cannot be recovered on maturity.

INCOME TAX

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

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

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

PLEDGE OF ASSETS

As at 30 June 2022, no asset has been pledged by the Group as security for bank loans (31 December 2021: Nil).

RISK MANAGEMENT

The Group adheres to the principle that risk management must be in line with its strategies and serve its strategic concept while strengthening the risk classification and identification management and integrating risk management into day-to-day operations. The Group's risk management targets to seek appropriate balance between risks and benefits and to minimize the impacts of risks on the Group's operating performance and maximize the interests of the shareholders and other equity investors. Based on such objectives, the Group's primary 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 risks in a timely and reliable manner and adhere to the limits.

1. Foreign exchange rate risk

The Group's foreign exchange rate risk refers to the risk arising from the increase in the foreign exchange rate of USD, which will lead to an increase in import costs and thus an increase in foreign exchange loss. The Group will closely monitor the trend of the USD exchange rate, and if necessary, adopt foreign exchange forward measures to lock in the costs of foreign exchange payments.

2. Human resources risk

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

3. Investment exit risk

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

4. "Two Funds" management risk

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

5. Compliance and management risk

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

STAFF AND REMUNERATION POLICY OF THE GROUP

As at 30 June 2022, the Group had 558 (as at 31 December 2021: 564) employees. For the six months ended 30 June 2022, the remuneration for employees was RMB27,987,493.90 (the corresponding period of 2021: RMB23,350,874.49).

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

SHAREHOLDINGS OF SHAREHOLDERS AND CHANGE OF SHARE CAPITAL STRUCTURE

- **Share capital structure**

During the Period, the Company did not make any arrangements for bonus issue, placing or increase of shares or offering of any new shares of the Company. During the Period, there was no change in the Company's total share capital and share capital structure. The total issued share capital of the Company remained at RMB400,000,000 divided into 400,000,000 shares with a nominal value of RMB1.00 each, comprising 240,000,000 domestic state-owned legal person shares and 160,000,000 overseas issued shares (“**H Shares**”), representing 60% and 40% of the issued share capital of the Company, respectively.

- **Shareholdings of substantial shareholders**

As at 30 June 2021, the largest shareholder of the Company was Chengdu Siwi Electronic Co., Ltd. (成都四威電子有限公司) which held 240,000,000 state-owned legal person shares, representing 60% of the issued share capital of the Company. As at 30 June 2022, HKSCC Nominees Limited (“**HKSCC**”, holding shares of the Company on behalf of various clients) held 157,592,999 H Shares, representing 39.40% of the issued share capital of the Company.

During the Period, the Board was not aware of any person holding any interests or short positions in shares and underlying shares of the Company which are required to be disclosed pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”). As shown in the register of substantial shareholders of the Company maintained under Section 336 of the SFO, the Company has been notified by shareholders holding 5% or more of the interests in the Company’s issued H Shares, that these are interests other than those held by the directors (the “Directors”), supervisors (the “Supervisors”) or the chief executive of the Company which have already been disclosed.

As indicated by HKSCC, as at 30 June 2022, the Central Clearing and Settlement System (“CCASS”) participants holding 5% or more of the H Shares of the Company are shown as follows:

	Number of Shares held as at 30 June 2022	Percentage of H Shares	Percentage of total issued share capital
CCASS participants			
The Hongkong and Shanghai Banking Corporation Limited	23,463,000	14.66%	5.87%
BOCI Securities Limited	10,985,000	6.86%	2.75%
UBS Securities Hong Kong Ltd	9,632,153	6.02%	2.41%
Bank of China (Hong Kong) Limited	9,164,000	5.72%	2.29%
Essence International Securities (Hong Kong) Limited	8,432,000	5.27%	2.11%

Save as disclosed above, as at 30 June 2022, the Company was not aware of any other equity interests which are required to be disclosed pursuant to the SFO. The Board of the Company was not aware of any person holding, directly or indirectly, 5% or more of the interests in the H Shares of the Company.

- **Shareholdings of Directors and Supervisors**

As at 30 June 2022, none of the Directors, Supervisors or the chief executive of the Company 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 the SFO) recorded in the register as required 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 (the “Model Code”) set out in Appendix 10 to the Listing Rules.

- **Sufficient public float**

According to public information available to the Company and to the best knowledge of each Director, the Company confirmed that a sufficient public float was maintained during the reporting period and as at the date of this report.

- **Purchase, sale or redemption of listed securities of the Company**

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

- **Convertible securities, share options, warrants or relevant entitlements**

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

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (no interim dividend was paid for the six months ended 30 June 2021).

AUDIT COMMITTEE

At present, the members of the audit committee of the Board of the Company (the “**Audit Committee**”) are Ms. Fu Wenjie (Chairman), Mr. Xiao Xiaozhou and Mr. Zhong Qishui, and all of them are independent non-executive Directors of the Company.

The Audit Committee is primarily responsible for the internal control and financial review and reporting matters of the Company and making recommendation to the Board on the appointment and/or removal of external auditors. The Audit Committee has reviewed the Group's unaudited interim consolidated financial statements and interim results for the six months ended 30 June 2022. The Audit Committee considers that the interim consolidated financial statements and interim results for the six months ended 30 June 2022 have complied with the requirements of applicable accounting standards and laws and adequate disclosures have been made.

CORPORATE GOVERNANCE CODE

The Company believes that the value and importance of good corporate governance will help enhance its corporate performance and accountability. The Company regularly reviews its corporate governance to ensure its continuous compliance with the Corporate Governance Code.

The Board considers that the Company has complied with the code provisions set out in the Corporate Governance Code during the period from 1 January 2022 to 30 June 2022 as stated in Appendix 14 to the Listing Rules of the Stock Exchange during the Period.

COMPLIANCE WITH THE MODEL CODE

During the Period, the Company had adopted the Model Code 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, the Board is pleased to report that all Directors and Supervisors have confirmed their full compliance with the Model Code during the Period.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cdc.com.cn>). The 2022 interim report of the Company will be dispatched to the shareholders of the Company and will be available for inspection at the above websites in due course.

By order of the Board
Chengdu SIWI Science and Technology Company Limited
Li Tao
Chairman

Chengdu, the PRC, 26 August 2022

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

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

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