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中国普天

成都普天電纜股份有限公司

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

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

(Stock Code: 1202)

2019 INTERIM RESULTS ANNOUNCEMENT

SUMMARY

- The Group recorded a total turnover of RMB247,567,114.21 for the six months ended 30 June 2019 (the “**Period**”), representing a decrease of approximately 19.73% 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 RMB236,190,532.78, representing a decrease of approximately 22.14% as compared to 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 RMB96,602,987.31, representing a decrease of 49.15% as compared to the corresponding period last year. Total sales of wire feed cables and other products by Chengdu Zhongling Radio Communications Co., Ltd. amounted to RMB17,060,920.55, representing a decrease of 19.45% as compared to the corresponding period last year.
- During the Period, loss of the Group attributable to equity holders of the Company was RMB16,706,521.84, while a profit of the Group of RMB7,216,550.01 was attributable to equity holders of the Company for the corresponding period last year. Loss attributable to minority shareholders was RMB5,417,223.32, as compared with a profit of RMB24,904,194.57 for the corresponding period last year.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019.

The board of directors (the “**Board**”) of 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 2019 (the “**Period**”) as follows:

CONSOLIDATED BALANCE SHEETS

as at June 30, 2019

PREPARE BY: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

Unit: RMB Yuan

Assets	Note No.	Closing balance	Opening balance
Current assets:			
Cash and bank balances		452,432,580.58	441,997,685.40
Settlement funds			
Loans to other banks			
Held-for-trading financial assets			
Derivative financial assets			
Notes receivables	III.1	46,957,000.65	112,895,610.20
Account receivables	III.2	114,609,723.67	115,319,867.21
Receivables financing			
Advances paid		6,787,617.61	16,709,878.31
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Other receivables		10,314,431.29	11,674,523.95
Financial assets under reverse repo			
Inventories		86,680,012.61	88,937,485.68
Contract assets			
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets		14,760,779.08	14,048,727.80
Total current assets		<u>732,542,145.49</u>	<u>801,583,778.55</u>

Assets	<i>Note No.</i>	Closing balance	Opening balance
Non-current assets:			
Loans and advances paid			
Debt investments			
Other debt investments			
Long-term receivable			
Long-term equity investments		127,039,323.85	132,459,948.88
Other equity instrument investments		5,280,021.00	4,977,441.00
Other non-current financial assets			
Investment property		64,941,911.01	66,508,775.47
Fixed assets		157,771,035.09	164,963,313.16
Construction in progress		32,985,719.55	30,558,500.50
Productive biological assets			
Oil & gas assets			
Right of use assets			
Intangible assets		46,473,629.15	47,937,324.47
Development expenditures			
Goodwill			
Long-term prepayments			
Deferred tax assets			
Other non-current assets		10,008,564.29	8,667,587.21
Total non-current assets		444,500,203.94	456,072,890.69
Total assets		1,177,042,349.43	1,257,656,669.24

Liabilities and equity	<i>Note No.</i>	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings			
Central bank loans			
Loans from other banks			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable	<i>III.3</i>	52,895,758.39	63,251,671.34
Advances received		247,574.12	381,164.12
Financial liabilities under repo			
Absorbing deposit and interbank deposit			
Deposit for agency security transaction			
Deposit for agency security underwriting			
Employee benefits payable		21,997,368.53	27,803,822.80
Taxes and rates payable		1,443,508.17	7,703,317.53
Other payables		21,833,899.84	38,411,274.78
Handling fee and commission payable			
Reinsurance accounts payable			
Contract liabilities		6,040,646.75	7,298,184.05
Liabilities classified as held for sale			
Non-current liabilities due within one year			
Other current liabilities			
		<hr/>	<hr/>
Total current liabilities		<u>104,458,755.80</u>	<u>144,849,434.62</u>

Liabilities and equity	<i>Note No.</i>	Closing balance	Opening balance
Non-current liabilities:			
Insurance policy reserve			
Long-term borrowings		6,719,609.67	6,981,019.84
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease payable			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income		58,507,494.50	60,648,560.16
Deferred tax liabilities		685,324.30	639,937.30
Other non-current liabilities			
		<hr/>	<hr/>
Total non-current liabilities		65,912,428.47	68,269,517.30
		<hr/>	<hr/>
Total liabilities		170,371,184.27	213,118,951.92
		<hr/> <hr/>	<hr/> <hr/>
Equity:			
Share capital/Paid-in capital		400,000,000.00	400,000,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		638,760,122.08	638,760,122.08
Less: Treasury shares			
Other comprehensive income	<i>III.8</i>	3,883,504.39	3,626,311.39
Special reserve			
Surplus reserve		8,726,923.61	8,726,923.61
General risk reserve			
Undistributed profit		-159,758,151.97	-143,051,630.13
Total equity attributable to the parent company		891,612,398.11	908,061,726.95
Non-controlling interest		115,058,767.05	136,475,990.37
		<hr/>	<hr/>
Total equity		1,006,671,165.16	1,044,537,717.32
		<hr/>	<hr/>
Total liabilities & equity		1,177,042,349.43	1,257,656,669.24
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CONSOLIDATED INCOME STATEMENT

for January to June of year 2019

PREPARE BY: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

Unit: RMB Yuan

Items	Note No.	Current period cumulative	Preceding period comparative
I. Total operating revenue	<i>III.4</i>	247,567,114.21	308,413,341.93
Including: Operating revenue	<i>III.4</i>	247,567,114.21	308,413,341.93
Interest income			
Premium earned			
Revenue from handling charges and commission			
II. Total operating cost		267,612,719.30	266,056,497.53
Including: Operating cost	<i>III.4</i>	236,182,069.44	208,456,266.75
Interest expenses			
Handling charges and commission expenditures			
Surrender value			
Net payment of insurance claims			
Net provision of insurance policy reserve			
Premium bonus expenditures			
Reinsurance expenses			
Taxes and surcharges	<i>III.5</i>	3,292,475.72	5,218,657.89
Selling expenses		5,844,316.88	8,644,699.40
Administrative expenses		22,488,834.13	44,465,581.45
R&D expenses		3,655,206.78	2,329,974.55
Financial expense	<i>III.6</i>	-3,850,183.65	-3,058,682.51
Including: Interest expenses		51,064.28	55,456.60
Interest income		4,178,054.47	3,507,101.85
Add: Other income		2,542,601.51	2,211,994.34
Investment income (or less: losses)		-5,420,625.03	2,994,914.85
Including: Investment income from associates and joint ventures		-5,420,625.03	2,994,914.85
Termination of income recognition of financial assets at amortised cost (or less: losses)			
Gains on foreign exchange (or less: losses)			

Items	Note No.	Current period cumulative	Preceding period comparative
Gains on net exposure to hedging risk (or less: losses)			
Gains on changes in fair value (or less: losses)			
Gains on credit impairment (or less: losses)		5,666,258.27	-2,276,550.93
Gains on asset impairment (or less: losses)		-4,844,244.84	-1,817,206.97
Gains on asset disposal (or less: losses)		26,335.95	39,886.79
III. Operating profit (or less: losses)		-22,075,279.23	43,509,882.48
Add: Non-operating revenue		76,649.05	53,646.17
Less: Non-operating expenditures		195,549.60	29,052.84
IV. Profit before tax (or less: total loss)		-22,194,179.78	43,534,475.81
Less: Income tax	<i>III.7</i>	-70,434.62	11,413,731.23
V. Net profit (or less: net loss)		-22,123,745.16	32,120,744.58
(I) Categorized by the continuity of operations		-22,123,745.16	32,120,744.58
1. Net profit from continuing operations (or less: net loss)		-22,123,745.16	32,120,744.58
2. Net profit from discontinued operations (or less: net loss)			
(II) Categorized by the portion of equity ownership		-22,123,745.16	32,120,744.58
1. Net profit attributable to owners of parent company (or less: net loss)		-16,706,521.84	7,216,550.01
2. Net profit attributable to non-controlling shareholders (or less: net loss)		-5,417,223.32	24,904,194.57

Items	Note No.	Current period cumulative	Preceding period comparative
VI. Other comprehensive income after tax	<i>III.8</i>	257,193.00	
Items attributable to the owners of the parent company		257,193.00	
(I) Not to be reclassified subsequently to profit or loss		257,193.00	
1. Changes in remeasurement on the net defined benefit plan			
2. Items under equity method that will not be reclassified to profit or loss			
3. Changes in fair value of other equity instrument investments		257,193.00	
4. Changes in fair value of own credit risk			
5. Others			
(II) To be reclassified subsequently to profit or 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 (profit or loss on cash flow hedging)			
6. Translation reserve			
7. Others			
Items attributable to non-controlling shareholders			
VII. Total comprehensive income		-21,866,552.16	32,120,744.58
Items attributable to the owners of the parent company		-16,449,328.84	7,216,550.01
Items attributable to non-controlling shareholders		-5,417,223.32	24,904,194.57
VIII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)	<i>III.9</i>	-0.04	0.02
(II) Diluted EPS (yuan per share)	<i>III.9</i>	-0.04	0.02

CONSOLIDATED CASH FLOW STATEMENT

for January to June of year 2019

PREPARE BY: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

Unit: RMB Yuan

Items	Note No.	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:			
Cash receipts from sale of goods or rendering of services		211,933,175.22	266,757,432.26
Net increase of client deposit and interbank deposit			
Net increase of central bank loans			
Net increase of loans from other financial institutions			
Cash receipts from original insurance contract premium			
Net cash receipts from reinsurance			
Net increase of policy-holder deposit and investment			
Cash receipts from interest, handling charges and commission			
Net increase of loans from others			
Net increase of repurchase			
Net cash receipts from agency security transaction			
Receipts of tax refund		557,334.84	
Other cash receipts related to operating activities		56,197,135.93	46,732,042.54
Subtotal of cash inflows from operating activities		268,687,645.99	313,489,474.80
Cash payments for goods purchased and services received		131,323,357.61	201,948,957.56
Net increase of loans and advances to clients			
Net increase of central bank deposit and interbank deposit			
Cash payments for insurance indemnities of original insurance contracts			
Net increase of held-for-trading financial assets			
Net increase of loans to others			
Cash payments for interest, handling charges and commission			
Cash payments for policy bonus			
Cash paid to and on behalf of employees		30,630,561.63	35,341,069.91
Cash payments for taxes and rates		10,830,999.22	40,358,106.31
Other cash payments related to operating activities		59,906,765.63	86,218,016.99
Subtotal of cash outflows from operating activities		232,691,684.09	363,866,150.77
Net cash flows from operating activities		35,995,961.90	-50,376,675.97

Items	<i>Note No.</i>	Current period cumulative	Preceding period comparative
II. Cash flows from investing activities:			
Cash receipts from withdrawal of investments			
Cash receipts from investment income			
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets		122,100.00	3,129,486.00
Net cash receipts from the disposal of subsidiaries & other business units			
Other cash receipts related to investing activities			
		<hr/>	<hr/>
Subtotal of cash inflows from investing activities		122,100.00	3,129,486.00
		<hr/>	<hr/>
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		6,344,548.73	3,897,315.98
Cash payments for investments			
Net increase of pledged borrowings			
Net cash payments for the acquisition of subsidiaries & other business units			
Other cash payments related to investing activities			
		<hr/>	<hr/>
Subtotal of cash outflows from investing activities		6,344,548.73	3,897,315.98
		<hr/>	<hr/>
Net cash flows from investing activities		<u>-6,222,448.73</u>	<u>-767,829.98</u>
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			
Cash receipts from issuing of bonds			
Other cash receipts related to financing activities			
		<hr/>	<hr/>
Subtotal of cash inflows from financing activities		<hr/>	<hr/>

Items	<i>Note No.</i>	Current period cumulative	Preceding period comparative
Cash payments for the repayment of borrowings		228,072.51	231,962.54
Cash payments for distribution of dividends or profits and for interest expenses		16,051,064.28	55,456.60
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit		16,000,000.00	
Other cash payments related to financing activities			19,500,000.00
Subtotal of cash outflows from financing activities		16,279,136.79	19,787,419.14
Net cash flows from financing activities		<u>-16,279,136.79</u>	<u>-19,787,419.14</u>
IV. Effect of foreign exchange rate changes on cash & cash equivalents		<u>12,646.47</u>	<u>195,926.25</u>
V. Net increase in cash and cash equivalents		13,507,022.85	-70,735,998.84
Add: Opening balance of cash and cash equivalents		<u>356,967,593.50</u>	<u>454,546,364.92</u>
VI. Closing balance of cash and cash equivalents		<u>370,474,616.35</u>	<u>383,810,366.08</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for January to June of year 2019

PREPARE BY: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

Unit: RMB Yuan

Items	Current period cumulative											Total equity	
	Equity attributed to parent company										Non-controlling interest		
	Share capital/ Paid-in capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve			Undistributed profit
I. Balance at the end of prior year	400,000,000.00				638,760,122.08		3,626,311.39		8,726,923.61		-143,051,630.13	136,475,990.37	1,044,537,717.32
Add: Cumulative changes of accounting policies													
Error correction of prior period													
Business combination under common control													
Others													
II. Balance at the beginning of current year	400,000,000.00				638,760,122.08		3,626,311.39		8,726,923.61		-143,051,630.13	136,475,990.37	1,044,537,717.32
III. Current period increase (or less: decrease)							257,193.00				-16,706,521.84	-21,417,223.32	-37,866,552.16
(I) Total comprehensive income							257,193.00				-16,706,521.84	-5,417,223.32	-21,866,552.16
(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												-16,000,000.00	-16,000,000.00
1. Appropriation of surplus reserve													
2. Appropriation of general risk reserve													
3. Appropriation of profit to owners												-16,000,000.00	-16,000,000.00
4. 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		3,883,504.39		8,726,923.61		-159,758,151.97	115,058,767.05	1,006,671,165.16

Items	Preceding period comparative												
	Equity attributed to parent company												
	Share capital/Paid-in capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Non-controlling interest	Total equity
I. Balance at the end of prior year	400,000,000.00				651,400,779.83		2,979,042.34		8,726,923.61		-121,848,878.20	130,629,823.04	1,071,887,690.62
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				651,400,779.83		2,979,042.34		8,726,923.61		-121,848,878.20	130,629,823.04	1,071,887,690.62
III. Current period increase (or less: decrease)					-12,640,657.75						7,216,550.01	18,044,852.32	12,620,744.58
(I) Total comprehensive income											7,216,550.01	24,904,194.57	32,120,744.58
(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 general risk reserve													
3. Appropriation of profit to owners													
4. 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					-12,640,657.75							-6,859,342.25	-19,500,000.00
IV. Balance at the end of current period	400,000,000.00				638,760,122.08		2,979,042.34		8,726,923.61		-114,632,328.19	148,674,675.36	1,084,508,435.20

NOTES TO FINANCIAL STATEMENTS

For January to June of year 2019

Currency unit: RMB

I. COMPANY PROFILE

Chengdu PUTIAN Telecommunications Cable Company Limited (the “Company”) was incorporated and registered with the Chengdu Administration Bureau of Industry and Commerce on 1 October 1994 after its restructuring from Chengdu Cable Plant of the Posts and Telecommunications Ministry of China (now known as “China PUTIAN Corporation”), as independent promoter, under the approval of the relevant department of the State Council. The Company is headquartered in Chengdu, Sichuan Province, and holds the Business License of Enterprise (No.510100400020197). The registered capital of the Company is RMB400,000,000 of which: equity interest of China PUTIAN Corporation amounts to RMB240,000,000, representing 60% of the total shares; equity interest of public holders of ordinary shares (H Shares) listed in Hong Kong amounts to RMB160,000,000, representing 40% of the total shares. There are a total of 400,000,000.00 shares in issue with the nominal value of RMB1 each. The shares have been listed in The Stock Exchange of Hongkong Limited (the “Stock Exchange”) on 13 December 1994.

The company is a manufacturing industry. Main business activities: wire and cable, fiber optic cable, cable special materials, radiation processing, cable technology research and development, product production, sales and service, electrical technology development, transfer, consulting and related ancillary services; design and installation: city and Road lighting engineering, building decoration and decoration engineering, fire protection facilities engineering, mechanical and electrical equipment installation engineering, residential building weak electricity system engineering; wholesale and retail: communication equipment (excluding radio transmitters), lighting equipment, electrical equipment, instrumentation, electronic measuring instruments, Electronic components, transmission and distribution and control equipment, hardware products and electronic products, plastic products, mineral products, building materials and chemical products (except dangerous chemical products and precursor chemicals), groceries; commission agents (excluding auctions) Import and export of self-operated commodities and their similar products; own real estate, machinery and equipment leasing, property management.

The financial statements of the company have been deliberated and approved by the 8th meeting of the 9th session of the Board on 21 August 2019.

The Company has include Chengdu Zhongling Radio Communications Co., Ltd., Chengdu SEI Optical Fiber Co., Ltd., Chengdu PUTIAN New Material Co., Ltd. into the consolidated scope. Please refer to notes to changes in the consolidated scope and interest in other entities for further details.

II. PREPARATION BASIS OF THE FINANCIAL STATEMENTS

(I) Preparation basis

The financial statements have been prepared on the basis of going concern, based on the actual transaction, comply with ‘Accounting Standard for Business Enterprises: Basic Standard’ (Caizhengbuling No. 33 publish, Caizhengbuling No. 76 revise), the 42 specific accounting standards, application of Accounting Standard for Business Enterprises, explanation of Accounting Standard for Business Enterprises (hereinafter as ASBEs) published & revised after 15 February.

According to the rules of ASBEs, the accounting basis for the company is accrual basis. Except some financial instruments, the items on financial statements are measured base on historical costs. If assets are impaired, impairment provisions shall be made in accordance with relevant rules.

(II) Assessment of the ability to continue as a going concern

The Company has no events or conditions that may cast significant doubts upon the Company's ability to continue as a going concern within the 12 months after the balance sheet date.

(III) Significant changes in accounting policies

1. The Company has implemented the "ASBEs No. 21 — Lease" revised by the Ministry of Finance since January 1, 2019. The implementation of the above standards has no significant impact on the company.
2. The Company prepared the financial statements for the January to June of year 2019 in accordance with "Notice of the Ministry of Finance on Revising and Issuing Financial Statement Templates for General Enterprises" (numbered Cai Kuai [2019] 6), its interpretations and CASBEs, and changes in accounting policies are applicable to retrospective application method. Financial statement items and amounts significantly affected are as follows:

	Original financial statement items and amounts		Revised financial statement items and amounts
Notes receivable and accounts receivable	228,215,477.41		Notes receivable 112,895,610.20 Accounts receivable 115,319,867.21
Notes payable and accounts payable	63,251,671.34		Notes payable Accounts payable 63,251,671.34

III. NOTES TO ITEMS OF THE CONSOLIDATED BALANCE SHEET

1. Notes receivable

(1) Details

1) Details of different categories

Categories	Book balance		Closing balance Provision for bad debts		Carrying amount
	Amount	% to total	Amount	% to total	
Receivables with provision for bad debts made on a collective basis					
Including: Bank acceptance	44,942,752.41	95.69			44,942,752.41
Trade acceptance	2,024,370.09	4.31	10,121.85	0.50	2,014,248.24
Total	46,967,122.50	100.00	10,121.85	0.02	46,957,000.65
Categories	Book balance		Opening balance Provision for bad debts		Carrying amount
	Amount	% to total	Amount	% to total	
Receivables with provision for bad debts made on a collective basis					
Including: Bank acceptance	94,566,177.70	83.63	94,566.17	0.10	94,471,611.53
Trade acceptance	18,516,581.58	16.37	92,582.91	0.50	18,423,998.67
Total	113,082,759.28	100.00	187,149.08	0.17	112,895,610.20

2) *Notes receivable with provision for bad debts made on a collective basis*

Items	Book balance	Closing balance	
		Provision for bad debts	Provision proportion (%)
Bank acceptance portfolio	44,942,752.41		
Trade acceptance portfolio	2,024,370.09	10,121.85	0.50
Subtotal	46,967,122.50	10,121.85	0.02

Items	Book balance	Opening balance	
		Provision for bad debts	Provision proportion (%)
Bank acceptance portfolio	94,566,177.70	94,566.17	0.10
Trade acceptance portfolio	18,516,581.58	92,582.91	0.50
Subtotal	113,082,759.28	187,149.08	0.17

(2) *Change on provision for bad debts*

Items	Opening balance	Increase			Decrease Provision			Closing balance
		Provision made	Provision collected	Others	Provision reversed	written off	Others	
Bank acceptance	94,566.17	-94,566.17						
Trade acceptance	92,582.91	-82,461.06						10,121.85
Subtotal	187,149.08	-177,027.23						10,121.85

(3) *Notes receivable that have been endorsed or discounted by the company but undue at the balance sheet date*

Items	Closing balance	
	Balance derecognized	Balance not yet derecognized
Items	81,465,653.30	
Subtotal	81,465,653.30	

Due to the fact that the acceptor of bank acceptance is commercial bank, which is of high credit level, there is very little possibility of failure in recoverability when it is due. Based on this fact, the Company derecognized the endorsed or discounted bank acceptance. However, if any bank acceptance is not recoverable when it is due, the Company still holds joint liability on such acceptance, according to the China Commercial Instrument Law.

2. Accounts receivable

(1) Details

1) Details of different categories

Categories	Book balance		Closing balance Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision for bad debts made on an individual basis	22,388,245.35	12.86	22,388,245.35	100.00	
Receivables with provision for bad debts made on a collective basis	151,660,885.59	87.14	37,051,161.92	24.43	114,609,723.67
Total	<u>174,049,130.94</u>	<u>100.00</u>	<u>59,439,407.27</u>	<u>34.15</u>	<u>114,609,723.67</u>

Categories	Book balance		Opening balance Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision for bad debts made on an individual basis	22,386,293.35	12.40	22,386,293.35	100.00	
Receivables with provision for bad debts made on a collective basis	158,092,450.39	87.60	42,772,583.18	27.06	115,319,867.21
Total	<u>180,478,743.74</u>	<u>100.00</u>	<u>65,158,876.53</u>	<u>36.10</u>	<u>115,319,867.21</u>

2) *Accounts receivable with provision made on an individual basis*

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons
Accounts receivable				
Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd.	2,580,313.34	2,580,313.34	100.00	Liquidation procedures in process not expect to be collected
KABKableprektionAB	2,058,597.74	2,058,597.74	100.00	Long receivable days, not expect to be collected
Shenyang Hengyuanda Communication device Co., Ltd	1,621,814.62	1,621,814.62	100.00	License revoked, not expect to be collected
Chuangdong Electrical and Mechanical Company	1,606,692.41	1,606,692.41	100.00	Long receivable days, not expect to be collected
Wushizhida electronic Co., Ltd.	1,344,969.65	1,344,969.65	100.00	License revoked, not expect to be collected
China Postal and Telecommunications Appliances Zhongnan Company	1,116,797.27	1,116,797.27	100.00	Long receivable days, not expect to be collected
Henan Qingfeng Xian Industry and Commerce Co., Ltd.	1,007,986.64	1,007,986.64	100.00	Long receivable days, not expect to be collected
Chengdu Optical Communication internet development Co., Ltd	847,136.75	847,136.75	100.00	Long receivable days, not expect to be collected
Sichuan New Dragon Network Technology Co., Ltd.	767,402.64	767,402.64	100.00	Long receivable days, not expect to be collected
Shenzhen Mengli Electrical Co., Ltd	616,075.20	616,075.20	100.00	Long receivable days, not expect to be collected
Qingyang Television	609,572.00	609,572.00	100.00	Long receivable days, not expect to be collected
Dayuan New Material Trade Co., Ltd	592,065.60	592,065.60	100.00	Long receivable days, not expect to be collected
Others	7,618,821.49	7,618,821.49	100.00	Long receivable days, not expect to be collected
	<hr/>	<hr/>	<hr/>	
Subtotal	<u>22,388,245.35</u>	<u>22,388,245.35</u>	<u>100.00</u>	

- 3) *In non-related party portfolios, accounts receivable with provision made on a collective basis based on the comparison table of age and expected credit loss rate*

Ages	Book balance	Closing balance Provision for bad debts	Provision proportion (%)
Within 1 year	102,081,438.79	5,513,707.55	5.40
1–2 years	10,704,006.21	2,994,448.67	27.98
2–3 years	517,850.12	377,653.30	72.93
Over 3 years	31,829,525.73	28,132,712.07	88.39
Subtotal	<u>145,132,820.85</u>	<u>37,018,521.59</u>	<u>25.51</u>

- 4) *In related party portfolios, accounts receivable with provision made on a collective basis based on the comparison table of age and expected credit loss rate*

Ages	Book balance	Closing balance Provision for bad debts	Provision proportion (%)
Within 1 year	6,528,064.74	32,640.33	0.50
Subtotal	<u>6,528,064.74</u>	<u>32,640.33</u>	<u>0.50</u>

(2) *Age analysis*

Ages	Book balance	Closing balance Provision for bad debts	Provision proportion (%)
Within 1 year	103,293,564.40	5,519,768.18	5.34
1–2 years	16,019,945.34	3,021,028.37	18.86
2–3 years	517,850.12	377,653.30	72.93
Over 3 years	54,217,771.08	50,520,957.42	93.18
Total	<u>174,049,130.94</u>	<u>59,439,407.27</u>	<u>34.15</u>

The credit terms granted to customers are generally 1 to 12 months. Notes usually come due within 6 months since the date of issue. Accounts receivable that past due are reviewed by the Management on a regular basis.

(3) Changes in provision for bad debts

Items	Opening balance	Increase			Decrease			Closing balance
		Provision made	Provision collected	Others	Provision reversed	Provision written off	Others	
Accounts receivable	65,158,876.53	-5,719,469.26						59,439,407.27
Subtotal	<u>65,158,876.53</u>	<u>-5,719,469.26</u>						<u>59,439,407.27</u>

(4) Details of the top 5 debtors with largest balances

Debtors	Book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
Shenzhen Zhongxingkangxun electronic Co., Ltd	44,960,690.67	25.83	3,111,279.79
CRRC Zhuzhou Electric Locomotive Co., Ltd.	8,347,674.36	4.80	577,659.07
China Potevio Company Limited	6,255,509.22	3.59	312,775.46
Jiangsu Ronglian Technology Development Co., Ltd.	4,725,094.50	2.71	346,598.34
Zhuzhou CRRC Times Electric Company Limited	<u>4,013,098.71</u>	<u>2.31</u>	<u>85,479.00</u>
Subtotal	<u>68,302,067.46</u>	<u>39.24</u>	<u>4,433,791.66</u>

3. Accounts payable

(1) Details

Items	Closing balance	Opening balance
Payment for goods	52,397,834.63	62,625,788.86
Operating expense payables	497,923.76	625,882.48
Total	<u>52,895,758.39</u>	<u>63,251,671.34</u>

(2) Ages analysis

Ages	Closing balance	Opening balance
Within 1 year	44,962,825.91	53,695,878.49
1–2 years	1,874,011.71	2,231,973.11
2–3 years	1,518,373.94	698,082.51
Over 3 years	4,540,546.83	6,625,737.23
Total	<u>52,895,758.39</u>	<u>63,251,671.34</u>

The above age analysis of accounts payable is based on the time of purchase materials, goods or rendering service.

The credit period granted by the supplier to the company is generally about 1–12 months.

4. Operating revenue/Operating cost

(1) Details

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	229,847,895.54	224,758,325.41	293,951,183.10	199,079,137.28
Other operations	17,719,218.67	11,423,744.03	14,462,158.83	9,377,129.47
Total	<u>247,567,114.21</u>	<u>236,182,069.44</u>	<u>308,413,341.93</u>	<u>208,456,266.75</u>

(2) Breakdown of revenue by main categories

Segments	Copper cable and related products	Optical communication products	Cable conduct and related products	Subtotal
Main products				
Fiber optic products		97,197,690.29		97,197,690.29
Heat shrink tube			244,923.76	244,923.76
Track cable	14,616,556.61			14,616,556.61
Component processing and component trade	101,220,693.62			101,220,693.62
Electrical equipment	6,789,492.62			6,789,492.62
Feeder	10,373,241.62			10,373,241.62
Lease	7,635,533.04		3,336,767.73	10,972,300.77
Others	5,237,670.30		914,544.62	6,152,214.92
Subtotal	<u>145,873,187.81</u>	<u>97,197,690.29</u>	<u>4,496,236.11</u>	<u>247,567,114.21</u>
Income recognition time				
Products (at a point of time)	138,237,654.77	97,197,690.29	1,159,468.38	236,594,813.44
Services (rendered over a period of time)	7,635,533.04		3,336,767.73	10,972,300.77
Subtotal	<u>145,873,187.81</u>	<u>97,197,690.29</u>	<u>4,496,236.11</u>	<u>247,567,114.21</u>

(3) The revenue recognized in current period including the opening balance of contract liabilities is RMB3,652,876.33 Yuan.

5. Taxes and surcharges

Items	Current period cumulative	Preceding period comparative
Urban maintenance and construction tax	131,128.93	1,179,295.84
Education surcharge	56,198.11	505,412.52
Local education surcharge	37,465.40	336,941.69
Stamp duty	137,969.88	233,259.47
Housing property tax	1,722,073.60	1,758,682.05
Land use tax	1,198,082.30	1,198,082.30
Vehicle and vessel use tax	2,160.00	2,460.00
Others	7,397.50	4,524.02
Total	<u>3,292,475.72</u>	<u>5,218,657.89</u>

6. Financial expenses

Items	Current period cumulative	Preceding period comparative
Interest expense	51,064.28	55,456.60
Including: Bank loan, overdraft and borrowing interests need to be paid within 5 years	51,064.28	55,456.60
Less: Interest income	4,178,054.47	3,507,101.85
Foreign exchange loss	60,105.41	216,537.29
Administration fee	216,701.13	176,425.45
Total	<u>-3,850,183.65</u>	<u>-3,058,682.51</u>

7. Income tax expenses

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	-70,434.62	11,686,545.68
Deferred income tax expenses		-272,814.45
Total	<u>-70,434.62</u>	<u>11,413,731.23</u>

8. Other comprehensive income after tax

Items	Opening balance	The amount before income tax	Current period		Net profit attribute to parent company after tax (or less: net loss)	Net profit attribute to non-controlling shareholders (or less: net loss)	Closing balance
			less: Through other comprehensive income in previous period and transfer to profit and loss in current period	less: income tax expenses			
Not to be reclassified subsequently to profit or loss	3,626,311.39	302,580.00		45,387.00			3,883,504.39
Including: Change in fair value of other equity instrument investment	3,626,311.39	302,580.00		45,387.00			3,883,504.39
Total comprehensive income	<u>3,626,311.39</u>	<u>302,580.00</u>		<u>45,387.00</u>			<u>3,883,504.39</u>

9. Calculation process of basic EPS and diluted EPS

(1) Calculation process of basic EPS

Items	Symbols	Current period cumulative	Preceding period comparative
Net profit attributable to shareholders of ordinary shares	A	-16,706,521.84	7,216,550.01
Non-recurring profit or loss	B	2,378,280.99	1,701,255.58
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	-19,084,802.83	5,515,294.43
Opening balance of total shares	D	400,000,000.00	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	6.00	6.00
Weighted average of outstanding ordinary shares	$L=D+E+F \times G / K - H \times I / K - J$	400,000,000.00	400,000,000.00
Basic EPS	$M=A/L$	-0.04	0.02
Basic EPS after deducting non-recurring profit or loss	$N=C/L$	-0.05	0.01

(2) Calculation process of diluted EPS

Calculation process of diluted EPS is same as basic EPS.

IV. INTEREST IN OTHER ENTITIES

(I) Interest in significant subsidiaries

1. Significant subsidiaries

(1) Basis information

Subsidiaries	Main operating place	Place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
Chengdu Zhongling Radio Communications Co., Ltd.	Chengdu	Chengdu	Manufacturing industry	100.00		Acquisition not under same control
Chengdu PUTIAN New Material Co., Ltd.	Chengdu	Chengdu	Manufacturing industry	100.00		Acquisition not under same control
Chengdu SEI Optical Fiber Co., Ltd.	Chengdu	Chengdu	Manufacturing industry	60.00		Acquisition not under same control

2. Significant not wholly-owned subsidiaries

Subsidiaries	Holding proportion of non-controlling shareholders	Non-controlling shareholders' profit or loss	Dividend declared to non-controlling shareholders	Closing balance of non-controlling shareholders' profit or loss
Chengdu SEI Optical Fiber Co., Ltd.	40.00	-5,311,350.42	16,000,000.00	115,058,767.05

3. Main financial information of significant not wholly-owned subsidiaries

(1) Assets and liabilities

Unit: RMB '0000

Subsidiaries	Closing balance		Total			
	Current assets	Non-current assets	assets	Current liabilities	Non-current liabilities	liabilities
Chengdu SEI Optical Fiber Co., Ltd.	27,039.11	5,721.62	32,760.73	3,905.44	90.60	3,996.04

Subsidiaries	Opening balance		Total			
	Current assets	Non-current assets	assets	Current liabilities	Non-current liabilities	liabilities
Chengdu SEI Optical Fiber Co., Ltd.	33,575.86	5,561.05	39,136.91	4,953.78	90.60	5,044.38

(2) Profit or loss and cash flows

Unit: RMB '0000

Subsidiaries	Operating revenue	Current period cumulative		
		Net profit	Total comprehensive income	Cash flows from operating activities
Chengdu SEI Optical Fiber Co., Ltd.	9,719.77	-1,327.84	-1,327.84	-218.63
Preceding period comparative				
Subsidiaries	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Chengdu SEI Optical Fiber Co., Ltd.	19,069.55	6,545.50	6,545.50	-862.19

(II) Interest in joint venture or associates

1. Significant associates

Joint ventures or associates	Main operating place	Place of registration	Business nature	Holding proportion (%)		Accounting treatment
				Direct	Indirect	
Chengdu Yuexin Telecommunications Materials Co., Ltd.	Chengdu	Chengdu	manufacturing industry	35.00		Equity method
Chengdu Bada Connector Co., Ltd.	Chengdu	Chengdu	manufacturing industry	49.00		Equity method
Putian Fasten Cable Telecommunication Co., Ltd.	Jiangyin	Jiangyin	manufacturing industry	22.50		Equity method

2. Main financial information of significant associates

Items	Closing balance/current period cumulative		
	Chengdu Yuexin Telecommunications Materials Co., Ltd.	Chengdu Bada Connector Co., Ltd.	Putian Fasten Cable Telecommunication Co., Ltd.
Current assets	4,432,175.39	77,181,245.16	1,409,968,642.90
Non-current assets	2,351,658.92	5,295,370.93	238,291,678.12
Total assets	6,783,834.31	82,476,616.09	1,648,260,321.02
Current liabilities	6,085,731.25	71,671,588.31	821,156,230.61
Non-current liabilities			302,603,670.90
Total liabilities	6,085,731.25	71,671,588.31	1,123,759,901.51
Non-controlling interest		90,876.37	
Equity attributable to owners of parent company	698,103.06	10,714,151.41	524,500,419.51
Proportionate share in net assets	244,336.07	5,249,934.19	118,012,594.39
Adjustments			
Goodwill			3,190,746.07
Others	109,955.56	-0.03	231,757.60
Carrying amount of investments in associates	354,291.63	5,249,934.16	121,435,098.06
Fair value of equity investments in associates in association with quoted price			
Operating revenue	4,030,660.12	102,779,573.48	254,359,682.76
Net profit	-811,785.87	1,056,234.78	-25,129,133.43
Net profit of discontinued operations			
Other comprehensive income			
Total comprehensive income	-811,785.87	1,056,234.78	-25,129,133.43
Dividend from associates received in current period			
Items	Opening balance/preceding period comparative		
	Chengdu Yuexin Telecommunications Materials Co., Ltd.	Chengdu Bada Connector Co., Ltd.	Putian Fasten Cable Telecommunication Co., Ltd.
Current assets	4,805,921.29	64,429,747.92	1,239,576,852.53
Non-current assets	2,418,671.24	4,818,528.49	255,175,462.18
Total assets	7,224,592.53	69,248,276.41	1,494,752,314.71
Current liabilities	5,714,703.60	59,493,589.27	741,671,724.73
Non-current liabilities			203,451,037.04
Total liabilities	5,714,703.60	59,493,589.27	945,122,761.77
Non-controlling interest		96,770.51	
Equity attributable to owners of parent company	1,509,888.93	9,657,916.63	549,629,552.94
Proportionate share in net assets	528,461.12	4,732,379.15	123,666,649.41
Adjustments			
Goodwill			3,190,746.07
Others	109,955.56	-0.03	231,757.60
Carrying amount of investments in associates	638,416.68	4,732,379.12	127,089,153.08
Fair value of equity investments in associates in association with quoted price			
Operating revenue	5,374,372.74	68,444,058.60	512,593,522.99
Net profit	-1,463,928.77	-1,222,027.90	18,234,435.80
Net profit of discontinued operations			
Other comprehensive income			
Total comprehensive income	-1,463,928.77	-1,222,027.90	18,234,435.80
Dividend from associates received in current period			

V. OTHER SIGNIFICANT EVENTS

(I) Segment information

1. Determine the factors considered in the reporting segment

The company determines the report segment based on internal organizational structure, management requirements, internal reporting system, etc., and determines the report segment based on the product segment.

2. Reporting segment financial information

Items	Closing balance/current period cumulative		
	Copper cable and related products	Optical communication products	Cable conduct and related products
Main operation revenue	139,587,545.47	96,602,987.31	244,923.76
Cost of main operation	135,534,268.49	98,019,071.28	673,625.85
Assets impairment loss		-4,844,244.84	
Credit impairment loss	4,013,212.39	-26,842.88	1,862,414.54
Total assets	986,564,224.65	327,607,296.64	90,229,008.75
Total liabilities	109,092,907.73	39,960,378.98	69,265,768.42

Items	Closing balance/current period cumulative		
	Aluminum rod and related products	Inter-segment offsetting	Total
Main operation revenue		6,587,561.00	229,847,895.54
Cost of main operation		9,468,640.21	224,758,325.41
Assets impairment loss			-4,844,244.84
Credit impairment loss	-235,638.75	-53,112.97	5,666,258.27
Total assets		227,358,180.61	1,177,042,349.43
Total liabilities		47,947,870.86	170,371,184.27

Items	Opening balance/preceding period comparative		
	Copper cable and related products	Optical communication products	Cable conduct and related products
Main operation revenue	113,379,924.44	189,971,675.36	327,014.90
Cost of main operation	111,224,906.35	100,951,578.50	527,861.57
Assets impairment loss			-1,817,206.97
Credit impairment loss	-2,193,843.44		-80,187.30
Total assets	1,040,645,141.04	423,755,900.77	96,424,397.11
Total liabilities	160,958,388.31	55,364,577.23	82,569,301.43

Items	Opening balance/preceding period comparative		
	Aluminum rod and related products	Inter-segment offsetting	Total
Main operation revenue	34,584.44	9,762,016.04	293,951,183.10
Cost of main operation	36,206.56	13,661,415.70	199,079,137.28
Assets impairment loss			-1,817,206.97
Credit impairment loss	-2,520.19		-2,276,550.93
Total assets	10,764,570.43	236,733,767.75	1,334,856,241.60
Total liabilities	8,567,660.51	57,112,121.08	250,347,806.40

(II) Other financial information

Items	Closing balance		Opening balance	
	Consolidation	parent company	Consolidation	parent company
Net current assets	628,083,389.69	385,692,470.42	656,734,343.93	356,912,715.71
Total assets less current liabilities	1,072,583,593.63	867,327,359.23	1,112,807,234.62	849,614,730.19

MANAGEMENT DISCUSSION AND ANALYSIS

(I) RESULTS ANALYSIS

During the Period, Chengdu PUTIAN Telecommunications Cable Company Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) was principally engaged in the manufacturing and sale of various types of telecommunication cables and optical fibers.

During the Period, the Group recorded a total turnover of RMB247,567,114.21, representing a decrease of approximately 19.73% 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 RMB236,190,532.78, representing a decrease of approximately 22.14% as compared to 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 RMB96,602,987.31, representing a decrease of 49.15% as compared to 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 RMB17,060,920.55, representing a decrease of 19.45% as compared to the corresponding period last year.

The decline in revenue from principal businesses was mainly due to a decline in the demand for optical fibers as the construction of 4G and FTTX was drawing to a close in the PRC. Meanwhile, domestic manufacturers have expanded their capacities of optical fibers and optical cables, which released the domestic production capacity of optical fibers. It has caused serious imbalance between supply and demand for optical fibers. As a result, prices of optical fibers went down sharply, sales volume decreased, and the revenue from optical fibers business declined.

(II) REVIEW OF PRINCIPAL OPERATIONS

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. Information about operations of main businesses

During the Period, the Company has been steadily pushing forward its industrial restructuring, unswervingly developing its optical telecommunication businesses, continuously optimizing its energy transmission cable business and prudently and properly pushing forward the progress of projects of electronic information industrial park.

1. Optical telecommunication business

Since the construction of 4G and FTTX was drawing to a close in the PRC, the demand for optical fibers declined. Meanwhile, domestic manufacturers have expanded their capacities for the production of optical fibers and optical cables, which activated the domestic production capacity of optical fibers. It has caused serious imbalance between supply and demand for optical fibers. As a result, prices of optical fibers went down sharply and sales volume decreased.

2. Copper cable business

During the first half of 2019, on the one hand, the Company has been sorting out its wire feed cable business, disposing inventories and placing staff; on the other hand, the Company has been vigorously expanding its track cable business. The operation and management of the Company has been developing towards favorable direction.

II. Further improving management to raise management and control standard

The Company carried out its implementation on all of its operation and management activities, preparation of the list of issues and rectification resolutions as concerned by the supervisory committee of SASAC in China Potevio. Continuous efforts were made to enhance its professional and standardized management ability to ensure realization of budget targets.

1. Further strengthening Party construction to play the core roles

In accordance with the deployment of the Potevio Group's Party Committee and State-owned Assets Supervision and Administration Commission of Chengdu Municipal People's Government, the Company has organized and completed the annual democratic appraisal of members of the leaders and democratic appraisal of its Party branches. The Company has organized its Party branches and serving Party members to complete full coverage of construction of "Learning How to Become a Powerful Country (學習強國)". It has organized and completed the amendments to the "Three Key and One Major" systems of the Company. According to the adjustments and labor division among departments, the Company has completed the changes in the names of certain Party branches and adjustment to the relationship between Party members and organization.

The Company has initiated educating the concept of "Bearing in Mind the Initial Objective at the Very Beginning and Being Mindful of the Mission (不忘初心牢記使命)". The Company has set up a leader group for the education of such concept. Meanwhile, the Company determined to appoint the members of leaders of the Company to act as contacts of its Party branches. These contacts shall effectively play their leading roles by supervising and guiding the concept study and education of relevant Party branches, promoting the concept education and study of each unit, helping those departments they contacted to identify and solve their practical problems at work.

2. Intensifying corporate risk control consciousness and implementing the various requirements of comprehensive risk management

The Company has seriously implemented its law-based governance policy and intensified corporate risk prevention consciousness. The Company has allocated more resources to handling its legal affairs and has developed new legal work process. The Company has adopted the policy of "Giving Consideration to both Internal and External Affairs (內外兼顧)" to manage its legal work. On the one hand, the audit, supervision and legal affair departments of the Company take charge of and strictly control the legal affairs of the Company; on the other hand, the Company has signed a perennial legal adviser contract with Duan & Duan Law Firm (Chengdu Office), pursuant to which the law firm will provide legal service and support for all the operating activities of the Company. The Company has strengthened review on its legal affairs and has implemented its contract review system to ensure a contract review rate of 100%.

3. *Coordinating resource integration and restructuring to enhance strategic investment management*

The Company has provided a basis for the decomposition of strategic implementation measures and subsequent assessment by organizing various industrial and functional sectors to complete internal and external analysis, formulating relevant industrial and functional strategic plans, and summarizing to complete its Development Strategy and Plan for 2019 to 2021 (《2019–2021年發展戰略與規劃》). After numerous rounds of negotiations and discussion, the Company has completed all the cancellation procedures on tax and business registration for Chongqing Putaifeng Aluminium Co., Ltd. in January 2019.

4. *Strengthening human resources management*

According to the requirements on strengthening administration on the middle-level cadres and team building of reserved cadres of the Company, the Company has revised the Administrative Measures on Middle-level Cadres (《公司中層幹部管理辦法》) and has issued the Provisional Administrative Measures on Reserved Cadres of the Company (《公司後備幹部管理暫行辦法》). Pursuant to which, the candidates for reserved cadres shall be nominated by all the units (departments) of the Company. The nominated candidates shall be submitted to the office meeting of the Company for assessment and selection. The selected candidates shall be included into the reserved pool of talents of the Company for investigation and cultivation, so as to ensure supply of human resource to meet the Company's continuous development.

5. *Optimizing basic management and improving management standard*

The Company has fully advanced the centralized procurement and bidding management work and standardized the bidding procedures through informatization. Three information-based procedures consisting of the “Annual Bidding Plan”, “Quarterly Adjustments on Bidding Plan” and “Application for Bids” were added. The Company has implemented the bidding elements in steps pursuant to such plans.

The Company has identified the differences between its management system and information-based procedures. Accordingly, it has made various amendments to the information-based procedures, such as amendments to contract approval process, expense reimbursement process, business trip application process, usage of official seals and working contact lists process. These amendments have enabled its system to match with process timely.

The Company has made continuous efforts to improve its QEHS management system. The Company has passed the supervision and verification on environmental management system and occupational health and safety management system. It has submitted applications for quality management system certification and relevant changes. The Company has completed the review on its qualification as a High and New Technology Enterprises and has obtained a new certificate.

While striving for success in operation, the Company attaches great importance to production safety to prevent the occurrence of accidents during production process. It has carried out training and knowledge contest on safety, fire extinguishing and environmental knowledge. To prevent the occurrence of emergency environmental incident in the industrial park, the Company has formulated its emergency plan, environmental risk assessment report and investigation report on environmental emergency resources. It has also updated the compliance evaluation report, and has comprehensively re-identified the lists of laws and regulations which were applicable to the Company.

(III) FINANCIAL ANALYSIS

As at 30 June 2019, the Group's total assets amounted to RMB1,177,042,349.43, representing a decrease of 6.41% from RMB1,257,656,669.24 as at the end of last year, of which the total non-current assets amounted to RMB444,500,203.94, accounting for 37.76% of the total assets and representing a decrease of 2.54% from RMB456,072,890.69 as at the end of last year.

As at 30 June 2019, the Group's total current assets amounted to approximately RMB732,542,145.49, accounting for 62.24% of total assets and representing a decrease of 8.61% from RMB801,583,778.55 as at the end of last year. The net cash flows from operating activities of the Group during the Period amounted to RMB35,995,961.90, while the net cash flows from operating activities for the corresponding period last year was RMB-50,376,675.97.

As at 30 June 2019, the Group's bank balances and cash (including deposits with encumbrance) amounted to RMB452,432,580.58, representing an increase of 2.36% from RMB441,997,685.40 as at the end of last year.

As at 30 June 2019, the Group's total liabilities amounted to RMB170,371,184.27 (as at 31 December 2018: RMB213,118,951.92). The liability-to-total-asset ratio was 14.47%, representing a decrease of 2.48% as compared with 16.95% as at the end of last year. Bank and other borrowings due within one year amounted to RMB0.

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

During the Period, the Group's selling expenses, administration expenses, research and development costs and finance costs amounted to RMB5,844,316.88, RMB22,488,834.13, RMB3,655,206.78 and RMB-3,850,183.65 respectively, representing a decrease of 32.39%, a decrease of 49.42%, an increase of 56.88% and a decline of RMB791,501.14 from RMB8,644,699.40, RMB44,465,581.45, RMB2,329,974.55 and RMB-3,058,682.51 respectively in the corresponding period last year.

During the Period, the average gross profit margin of the Group was 4.60%, representing a decrease of 27.81% from 32.41% in the corresponding period last year.

1. *Analysis of liquidity*

As at 30 June 2019, the Group's current ratio and quick ratio were approximately 7.01 and approximately 6.18 respectively.

2. *Analysis of financial resources*

As at 30 June 2019, the Group's long-term borrowings amounted to RMB6,719,609.67. As the Group's bank deposits and cash amounted to RMB452,432,580.58, the Group has smaller 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 shares issued by the Company. To ensure reasonable utilization of the Group's 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 2019, the Group had no contingent liabilities (31 December 2018: Nil).

(IV) BUSINESS OUTLOOK

In the second half of 2019, the Company will further put into practice the principles of the 19th National Congress and the Second and Third Plenary Sessions of the 19th Central Commission for Discipline Inspection, and operate closely in line with the direction of national policies. It will further study the development trend of the industry. Adhering to Xi Jinping's "Thought on Socialism with Chinese Characteristics for a New Era", the Company will place political construction as its top priority, set the Party construction as its guidance, set development as its goal, insist on developing business, release idle resources, enhance its service capabilities. It will carry out its work with focus on team building, market and products. It will further strengthening refined management, optimizing and improving internal control to promote the healthy development of the Company.

I. Development and deployment of principal operations

The Company will accelerate its organizational restructuring, boost business transformation and upgrading, focus on optical telecommunication business, locomotive cable business and steadily push forward the release of idle resources of the industrial park, aiming to nurture new growth drivers and further enhance its core competitiveness and capacity for sustainable development.

1. **Optical telecommunication business:** In this year, the construction of the 4th generation wireless systems (4G) and FTTX of three major operators is drawing to a close, while the construction of 5G is still in its startup phase. The domestic market demand for optical fibers has decreased from 300 million fiber kilometers per annum to 200 million fiber kilometers per annum, and thus the market demand for optical fibers was at a low level. Besides, since the prosperity index of optical telecommunication industry was relatively high during the previous years, the leading enterprises in the industry, such as HENGTONG (亨通), ZTT (中天) and YOFC (長飛), have massively expanded their production capacity. Therefore, the optical fibers market has become over supplied, and the prices of optical fibers have continued to fall sharply. The bidding price of optical fibers of China Mobile only represented 47.6% of its price in the last year. The over capacity across the optical fibers and optical cables market would undoubtedly result in fierce competition in the optical telecommunication market in the future. In the second half of the year, the Company will make efforts to develop market segments and characteristic optical fibers, and will gradually open the international market. On the one hand, the Company will constantly increase the percentage of production and sales of characteristic optical fibers with high gross profit, and will make every effort to make up the adverse effect on profit brought by the sharp decline in the prices of optical fibers; on the other hand, it will continue to push forward its expansion project of optical fibers, so as to expand the space for the improvement in operating income.
2. **Energy transmission cable business:** In the second half of the year, the Company will carry out its work with focus on market and products. On that basis, the Company will improve its technological innovation capabilities to meet the specialized market needs, strengthen the research and development of rail transit products, and develop more products to expand its product offerings. It will strengthen its collection of accounts receivable, invoicing of delivered goods, collection of payments for goods and initiative sale of inventory.

3. Electronic information industrial park: On the one hand, the Company will further explore its potential to promote the utilization rate of its existing plant. It will continue to sort out and compress the space occupied by idle equipment and material to meet the customer demand for expanding rental area. It will re-tender in advance for plant with expired or terminated lease, step up the tendering for vacant office area and explore value-added services for its property. On the other hand, the Company will actively seize the opportunity of the West Park of Hi-tech Development Zone being defined as an electronic information industrial park, and consolidate its industrial and economic growth drivers by carrying out the planning and construction of the industrial park in a practical and measured manner with the existing resources of China Potevio, local government and the Company. It will prudently and properly push forward projects in the electronic information industrial park and actively seek for the cooperation programme to operate its business in the industrial park on a market-oriented basis.

II. Supporting measure to be adopted for operation and management

The Company will strengthen its intensive operation and refined management, and improve management efficiency and operation quality, thus generating dynamic and momentum for the sustainable development of the Company.

1. *Setting the Party construction as its guidance and facilitating the deep integration of work of Party branches with that of operation to drive the healthy development of the business operation of the Company*

By further studying and implementing the spirit of the 19th CPC National Congress and the Second and Third Plenary Sessions of the 19th Central Commission for Discipline Inspection, and aiming at improving the quality of Party construction work, the Company will improve the establishment of “learning-oriented, service-oriented and innovation-oriented” Party organizations and focus on enhancing the scientific level of Party construction. It will further promote “Four Integrations (四個融合)” to effectively implement the accountability system in Party construction. The Company will prevent the rebound and resurgence of “Four Morales (四風)” by seriously implementing “Two Responsibilities (兩個責任)”, conscientiously supervising enforcement and accountability, strengthening daily supervision and inspection, and seriously implementing the spirit of the eight-point frugality code issued by the CPC Central Committee. It will achieve the promotion and encouragement effect by enhancing the operation standard of new media.

2. *Completing the definition of duties and functions of all positions and strengthening team building*

The Company will vigorously promote managerial innovation, dynamically manage its organizational adjustments and improve the efficiency of each position in each functional department. Based on the development plan of the Company and work practice, the Company will further optimize the organizational structure of the Company, standardize management function and improve comprehensive management efficiency.

It will further strengthen the building of the pool of talents by setting up allocation mechanism of human resources that accommodates to the industrial restructuring and development of the Company, thus provide human resource guarantee for the industrial development of the Company. The Company will select and appoint cadres in strict accordance with the standards and procedures for selecting and employing candidates. It will make more efforts to select young cadres and improve the building of the pool of talents. The Company will reserve talents and knowledge for promoting its high-quality transformation and development by intensifying the study and training of cadres and staff at all levels and constantly improving capabilities in operation and management.

The Company will improve the existing performance appraisal system, and strengthen the profit-oriented, consummate and scientific performance assessment system. It will complete the definition of duties and functions of all positions and strengthen the assessments on the performance of staff at all levels.

3. *Boosting comprehensive risk management and enhancing risk management and control*

By way of streamlining of external compliance and internal control, the Company will implement the requirements of the rules of the SASAC on strengthening the internal control systems of central enterprises. The Company will improve its scientific management and risk prevention and control standard by strengthening its leadership, consummating its system, intensifying its internal control, regularly carrying out inspection and assessment, and rigorously making appraisals. It will adopt dynamic monitoring for issues involving significant risks. The Company will strengthen its internal audit function, and continue to improve and revise the internal control manual of the Company. The Company will intensify “Two Funds” reduction and focus on the collection of accounts receivable. It will continue to strengthen its compliance with the Listing Rules, and effectively maintain its good image. It will strengthen its centralized procurement management to standardize and consummate its bidding procedures. It will implement centralized procurement in strict accordance with relevant regulations. It will further improve the informatization of centralized procurement and supplier management. It will identify risks related to quality of product process. The Company will strengthen its safety and environmental protection management. It will adhere to its safety works at all levels to prevent the occurrence of safety related accidents and ensure smooth production and operation of the Company. The Company will contribute to the building of an ecological civilization by further enhancing energy conservation and environmental protection works.

4. *Optimizing resources allocation and enhancing its competitiveness in the industry*

The Company will strengthen its strategic guidance and profit-orientation consciousness. It will enhance its core competitiveness in the industry by deeply optimizing its resources allocation. It will reinforce its management in its joint ventures and resources integration to release the efficiency of its existing assets to the utmost extent. According to the management requirements of “innovation and entrepreneurship (雙創)”, the Company will reinforce its management in the Putian industrial park, promote the strength of the industrial park, strive to introduce high-technology and high value-added emerging enterprises into the industrial park. In the meanwhile, the Company will actively seek government-funded projects.

5. *Strengthening basic management and enhancing operation guarantee capability*

The Company will further streamline and rectify issues on the list of issues, improve the comprehensive budget management and financial internal control system, and implement special tasks such as “Two Funds” reduction, loss management and disposal of inefficient and ineffective assets, strictly follow the time schedule for rectification and regularly report the rectification affairs to China Potevio. The Company will further strengthen its control over monthly budget by timely analysis the budget implementation in terms of monthly and cumulative profits, income, expenses and other indicators, thus fully play the role of budgets as guidance in production and operation. The Company will urge its subsidiaries to reduce the asset-liability ratio and the costs.

The Company will strengthen the implementation of management system of the Company, and conscientiously streamline its system and procedure to ensure matching system with procedure. The Company will continue to improve its technology innovation and quality management system.

OVERDUE TIME DEPOSITS

As at 30 June 2019, 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.

ENTERPRISE INCOME TAX

Pursuant to the relevant regulations of the Administrative Methods for the Recognition of High and New Technology Enterprises (Guo Ke Fa Huo [2008] No. 172), Administrative Guidance with Regard to the Recognition of High and New Technology Enterprises (Guo Ke Fa Huo [2008] No. 362) and the document of High and New Technology Enterprises Recognition Committee of Sichuan Province (Chuan Gao Qi Ren [2014] No. 6), the Company’s subsidiaries, namely, Chengdu SEI Optical Fiber Co., Ltd. and Chengdu Zhongling Radio Communications Co., Ltd. were recognised as high-tech enterprises and enjoyed the high-tech enterprises preferential tax rate of 15% for a period of three years from 2017 to 2019.

PLEDGE OF ASSETS

As at 30 June 2019, no asset has been pledged by the Group as security for bank loan (31 December 2018: No).

RISK MANAGEMENT

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

1. Cash flow risk

The cash flow risk of the Group is primarily attributable to receivables. In strict accordance with the account receivables management system, the Group regularly prepares quarterly breakdown for aging of account receivables and issues it to each department for reconciliation in a timely manner, so as to improve the turnover rate of account receivables. The Group brings the reduction indicators of account receivables into the appraisal.

2. Investment risk

The investment risk of the Group is primarily due to the losses made by its associates caused by factors such as policies and market and failure to realize the expected investment return set out in the feasibility report. The Group actively strengthens control over its investments and follows up the progress of projects. The Group shall timely take withdrawal measures such as streamlining and liquidation once significant losses occur.

3. Market demand risk

The market demand risk refers to the risk that the decline in the market demand for the products of the Group when it's affected by the communication industry and advance of science and technology and that its market position being threatened by substitute products. The Group constantly and actively focuses on the development of communication industry and energy transmission technology. The information on developments and changes in new technology is timely reported back to technology system and will be handled by technology system as the development trend for product technology analysis; meanwhile, the Group strengthens its market forecasting capabilities, improves its management and maintenance in customer levels divided into key customer, major customer and general customer, explores new customers and develops new markets.

4. Management system operation risk

The Group has established its quality, environment and occupational health and safety management system. However, there may be major or regional disqualification due to management defects during the operation of the system. The Group regularly organizes relevant staff to attend to internal and external training. It also elaborately designs and organizes internal audit, increases the frequency of daily supervision, makes efforts to monitor relevant links. It timely makes improvements whenever issues are identified, makes suggestions for improvement by way of statistical analysis and supervises the results of improvement.

5. Public opinion risk

The public opinion risk is the risk that the Group fails to implement relevant procedures as required by the Listing Rules and internal control requirements due to tardy or inaccurate information disclosure caused by tardy report of relevant information attributable to the shortfall in the implementation of internal control manual system within the Group. The Group actively carries out compliance training and improves the implementation and management process of internal control system, aiming to promote its information disclosure standard.

6. Safety risk

The Group is a manufacturing enterprise. Safety risk lies in the probability of the number of occurring accidents where accidents mean the events which causes casualties or major property damages arising in connection with manufacturing. The Group further refines its safe production responsibility contracting management system. It also formulates a list of major hazardous sources and critical environmental factors for key monitoring by the Group. With strengthened safety training as well as inspection and rectification on potential safety hazards, there are zero tolerance to any potential safety hazards and the Group ensures a safe environment for production during operation and in accordance with the laws.

STAFF AND REMUNERATION POLICY OF THE GROUP

As at 30 June 2019, the Group had 828 staff members (as at 31 December 2018: 875). For the six months ended 30 June 2019, the remuneration for staff members was RMB24,748,998.68 (the corresponding period of 2018: RMB42,723,528.19 (including accrual of one-off termination benefits of approximately RMB21,500,000)).

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

SHAREHOLDING OF SHAREHOLDERS AND CHANGE OF SHARE CAPITAL STRUCTURE

1. 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.

2. Shareholdings of substantial shareholders

As at 30 June 2019, the largest shareholder of the Company was China Potevio Company Limited which held 240,000,000 state-owned legal person shares, representing 60% of the issued share capital of the Company. As at 30 June 2019, HKSCC Nominees Limited (“HKSCC”, holding shares of the Company on behalf of various customers) held 156,252,999 H Shares, representing 39.06% 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 or 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 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 2019, 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 2019	Percentage of H Shares	Percentage of total issued share capital
CCASS participants			
The Hongkong & Shanghai Banking Corporation Limited	17,473,000	10.92%	4.37%
BOCI Securities Limited	9,803,000	6.12%	2.45%
Bank of China (Hong Kong) Limited	8,126,000	5.07%	2.03%

Save as disclosed above, as at 30 June 2019, the Company was not aware of any other shareholding interests which are required to be disclosed pursuant to the SFO. The Board was not aware of any person holding, directly or indirectly, 5% or more of the interests in the H Shares of the Company.

3. Shareholdings of Directors and Supervisors

As at 30 June 2019, none of the Directors, Supervisors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or 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.

4. 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.

5. 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.

6. Convertible securities, share options, warrants or relevant instruments

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

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (no interim dividend was paid for the six months ended 30 June 2018).

AUDIT COMMITTEE

At present, the members of the audit committee of the Board of the Company (the “**Audit Committee**”) are Ms. Mao Yaping (Chairman), Mr. Xiao Xiaozhou and Mr. Feng Gang, 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 2019. The Audit Committee considers that the interim consolidated financial statements and interim results for the six months ended 30 June 2019 have complied with the requirements of applicable accounting standards and the laws and appropriate disclosures were made.

CODE ON CORPORATE GOVERNANCE

The Company believes that the value and importance of good corporate governance will help enhancing corporate performance and accountability. The Company periodically reviews its corporate governance to ensure its continuous compliance with the CG Code.

The Board considers that the Company has complied with the code provisions set out in the CG Code during the period from 1 January 2019 to 30 June 2019 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 2019 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 PUTIAN Telecommunications Cable Company Limited*
Wu Changlin
Chairman

Chengdu, the PRC, 21 August 2019

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

Executive Directors: *Mr. Wu Changlin (Chairman), Mr. Hu Jiangbing (Vice Chairman), Mr. Han Shu, Mr. Wang Micheng, Ms. Xu Liying and Ms. Liu Yun*

Independent Non-executive Directors: *Ms. Mao Yaping, Mr. Xiao Xiaozhou and Mr. Feng Gang*