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Potevio

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)

2020 INTERIM RESULTS ANNOUNCEMENT

SUMMARY

- The Group recorded a total turnover of RMB209,496,937.20 for the six months ended 30 June 2020 (the “**Period**”), representing a decrease of approximately 15.38% 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 RMB208,850,170.13, representing a decrease of approximately 11.58% 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 RMB71,217,841.30, representing a decrease of 26.28% 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 RMB11,902,256.57, representing a decrease of 30.24% as compared to the corresponding period last year.
- During the Period, loss of the Group attributable to equity holders of the Company was RMB15,779,850.77, while a loss of the Group of RMB16,706,521.84 was attributable to equity holders of the Company for the corresponding period last year. Loss attributable to minority shareholders was RMB4,855,357.10, as compared with a loss of RMB5,417,223.32 for the corresponding period last year.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020.

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 2020 (the “**Period**”) as follows:

CONSOLIDATED BALANCE SHEETS

As at 30 June 2020

Prepared by : Chengdu PUTIAN Telecommunications Cable Company Limited

Unit: RMB Yuan

Assets	Note No.	Closing balance	Opening balance
Current assets:			
Cash and bank balances		400,702,162.32	459,059,145.36
Settlement funds			
Loans to other banks			
Held-for-trading financial assets			
Derivative financial assets			
Notes receivables	III.1	38,828,146.41	39,263,164.85
Account receivables	III.2	86,259,507.02	74,162,187.82
Receivables financing	III.3	32,107,345.19	23,544,919.54
Advances paid		2,284,299.19	5,227,159.45
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Other receivables		11,687,448.28	9,417,517.89
Financial assets under reverse repo			
Inventories		104,255,549.90	84,117,089.03
Contract assets			
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets		15,525,301.24	13,414,824.98
Total current assets		<u>691,649,759.55</u>	<u>708,206,008.92</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		117,406,065.30	123,928,703.14
Other equity instrument investments		4,301,679.00	4,977,441.00
Other non-current financial assets			
Investment property		72,540,704.82	70,579,366.92
Fixed assets		157,421,953.09	170,358,882.98
Construction in progress		9,029,097.46	8,841,518.20
Productive biological assets			
Oil & gas assets			
Right of use assets			
Intangible assets		43,546,238.51	45,009,933.83
Development expenditures			
Goodwill			
Long-term prepayments			
Deferred tax assets			
Other non-current assets			
		<hr/>	<hr/>
Total non-current assets		<u>404,245,738.18</u>	<u>423,695,846.07</u>
Total assets		<u><u>1,095,895,497.73</u></u>	<u><u>1,131,901,854.99</u></u>

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.4</i>	43,535,098.45	50,506,098.62
Advances received		243,679.02	254,715.26
Contract liabilities		4,021,380.20	4,161,020.10
Financial liabilities under repo			
Absorbing deposit and interbank deposit			
Deposit for agency security transaction			
Deposit for agency security underwriting			
Employee benefits payable		19,418,167.12	24,383,820.96
Taxes and rates payable		1,490,054.75	1,485,079.75
Other payables		20,507,751.76	21,165,954.30
Handling fee and commission payable			
Reinsurance accounts payable			
Liabilities classified as held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		<u>89,216,131.30</u>	<u>101,956,688.99</u>
Non-current liabilities:			
Insurance policy reserve			
Long-term borrowings		6,365,846.15	6,483,910.19
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income		55,905,763.18	57,742,528.84
Deferred tax liabilities		897,621.67	639,937.30
Other non-current liabilities			
Total non-current liabilities		<u>63,169,231.00</u>	<u>64,866,376.33</u>
Total liabilities		<u>152,385,362.30</u>	<u>166,823,065.32</u>

Liabilities and equity	<i>Note No.</i>	Closing balance	Opening balance
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		2,692,865.02	3,626,311.39
Special reserve			
Surplus reserve		8,726,923.61	8,726,923.61
General risk reserve			
Undistributed profit		<u>-208,966,905.47</u>	<u>-193,187,054.70</u>
Total equity attributable to the parent company		<u>841,213,005.24</u>	<u>857,926,302.38</u>
Non-controlling interest		<u>102,297,130.19</u>	<u>107,152,487.29</u>
Total equity		<u>943,510,135.43</u>	<u>965,078,789.67</u>
Total liabilities & equity		<u>1,095,895,497.73</u>	<u>1,131,901,854.99</u>

CONSOLIDATED INCOME STATEMENT

For January to June of year 2020

Prepared 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.5</i>	209,496,937.20	247,567,114.21
Including: Operating revenue	<i>III.5</i>	209,496,937.20	247,567,114.21
Interest income			
Premium earned			
Revenue from handling charges and commission			
II. Total operating cost		228,308,367.93	267,612,719.30
Including: Operating cost	<i>III.5</i>	200,076,938.62	236,182,069.44
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.6</i>	3,108,313.68	3,292,475.72
Selling expenses		3,496,367.55	5,844,316.88
Administrative expenses		18,297,986.90	22,488,834.13
R&D expenses		5,368,393.82	3,655,206.78
Financial expense	<i>III.7</i>	-2,039,632.64	-3,850,183.65
Including: Interest expenses		48,230.90	51,064.28
Interest income		2,655,745.43	4,178,054.47
Add: Other income		2,070,027.53	2,542,601.51
Investment income (or less: losses)		-6,522,637.84	-5,420,625.03
Including: Investment income from associates and joint ventures		-6,522,637.84	-5,420,625.03
Termination of income recognition of financial assets at amortised cost (or less: losses)			
Gains on foreign exchange (or less: losses)			
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)		-371,919.75	5,666,258.27
Gains on asset impairment (or less: losses)		-1,880,650.92	-4,844,244.84
Gains on asset disposal (or less: losses)		83,589.57	26,335.95
III. Operating profit (or less: losses)		-25,433,022.14	-22,075,279.23
Add: Non-operating revenue		4,886,460.20	76,649.05
Less: Non-operating expenditures		88,645.93	195,549.60
IV. Profit before tax (or less: total loss)		-20,635,207.87	-22,194,179.78
Less: Income tax	<i>III.8</i>		-70,434.62

Items	Note No.	Current period cumulative	Preceding period comparative
V. Net profit (or less: net loss)		-20,635,207.87	-22,123,745.16
(I) Categorized by the continuity of operations			
1. Net profit from continuing operations (or less: net loss)		-20,635,207.87	-22,123,745.16
2. Net profit from discontinued operations (or less: net loss)			
(II) Categorized by the portion of equity ownership			
1. Net profit attributable to owners of parent company (or less: net loss)		-15,779,850.77	-16,706,521.84
2. Net profit attributable to non-controlling shareholders (or less: net loss)		-4,855,357.10	-5,417,223.32
VI. Other comprehensive income after tax	<i>III.9</i>	-933,446.37	257,193.00
Items attributable to the owners of the parent company		-933,446.37	257,193.00
(I) Not to be reclassified subsequently to profit or loss		-933,446.37	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		-933,446.37	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		-21,568,654.24	-21,866,552.16
Items attributable to the owners of the parent company		-16,713,297.14	-16,449,328.84
Items attributable to non-controlling shareholders		-4,855,357.10	-5,417,223.32
VIII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)	<i>III.10</i>	-0.04	-0.04
(II) Diluted EPS (yuan per share)	<i>III.10</i>	-0.04	-0.04

CONSOLIDATED CASH FLOW STATEMENT

For January to June of year 2020

Prepared 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		96,712,235.14	211,933,175.22
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		324,527.72	557,334.84
Other cash receipts related to operating activities		46,988,020.64	56,197,135.93
Subtotal of cash inflows from operating activities		144,024,783.50	268,687,645.99
Cash payments for goods purchased and services received		132,100,811.31	131,323,357.61
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		24,619,329.70	30,630,561.63
Cash payments for taxes and rates		3,564,202.87	10,830,999.22
Other cash payments related to operating activities		28,411,265.15	59,906,765.63
Subtotal of cash outflows from operating activities		188,695,609.03	232,691,684.09
Net cash flows from operating activities		-44,670,825.53	35,995,961.90

Items	Note No.	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		529,000.00	122,100.00
Net cash receipts from the disposal of subsidiaries & other business units			
Other cash receipts related to investing activities			
Subtotal of cash inflows from investing activities		<u>529,000.00</u>	<u>122,100.00</u>
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		2,093,984.84	6,344,548.73
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			
Subtotal of cash outflows from investing activities		<u>2,093,984.84</u>	<u>6,344,548.73</u>
Net cash flows from investing activities		<u><u>-1,564,984.84</u></u>	<u><u>-6,222,448.73</u></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			
Subtotal of cash inflows from financing activities			
Cash payments for the repayment of borrowings		230,231.56	228,072.51
Cash payments for distribution of dividends or profits and for interest expenses		48,230.90	16,051,064.28
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit			16,000,000.00
Other cash payments related to financing activities			
Subtotal of cash outflows from financing activities		<u>278,462.46</u>	<u>16,279,136.79</u>
Net cash flows from financing activities		<u><u>-278,462.46</u></u>	<u><u>-16,279,136.79</u></u>
IV. Effect of foreign exchange rate changes on cash & cash equivalents			<u>12,646.47</u>
V. Net increase/decrease in cash and cash equivalents		<u>-46,514,272.83</u>	13,507,022.85
Add: Opening balance of cash and cash equivalents		<u>398,432,726.66</u>	<u>356,967,593.50</u>
VI. Closing balance of cash and cash equivalents		<u><u>351,918,453.83</u></u>	<u><u>370,474,616.35</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For January to June of year 2020

Unit: RMB Yuan

Items	Current period cumulative												
	Equity attributed to parent company					Other							
	Share capital/ Paid-in capital	Preferred shares	Perpetual bonds	Others	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				638,760,122.08		3,626,311.39		8,726,923.61		-193,187,054.70	107,152,487.29	965,078,789.67
Add: Cumulative changes of accounting policies													
Error correction of prior period													
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		-193,187,054.70	107,152,487.29	965,078,789.67
III. Current period increase (or less: decrease)													
(I) Total comprehensive income							-933,446.37				-15,779,850.77	-4,855,357.10	-21,568,654.24
(II) Capital contributed or withdrawn by owners							-933,446.37				-15,779,850.77	-4,855,357.10	-21,568,654.24
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													
IV. Balance at the end of current period	400,000,000.00				638,760,122.08		2,692,865.02		8,726,923.61		-208,966,905.47	102,297,130.19	943,510,135.43

Preceding period comparative

Items	Equity attributed to parent company										Total equity		
	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
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													
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													
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

NOTES TO FINANCIAL STATEMENTS

For January to June of year 2020

Monetary unit: RMB Yuan

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 (currently known as “China PUTIAN Corporation”) as an independent promoter with the approval of the relevant department of the State Council. The Company is headquartered in Chengdu, Sichuan Province. The registered capital of the Company is RMB400,000,000. There are a total of 400,000,000.00 shares in issue with a nominal value of RMB1 each: 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 on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) amounts to RMB160,000,000, representing 40% of the total shares. The shares of the Company were listed on Stock Exchange on 13 December 1994.

The Company’s business is in the sector of the manufacturing industry. The Company’s main business activities include: wire and cable, fiber optic cable, cable special materials, radiation processing, cable technology research and development, product production, sales and services, electrical technology development, transfer, consultation and related ancillary services; design and installation: city and road lighting engineering, building construction and decoration engineering, fire safety facilities engineering, mechanical and electrical equipment installation engineering, residential building electroweak 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 agency (excluding auctions); import and export of self-operated commodities and their similar products; own real estate, machinery and equipment leasing and property management.

The financial statements were approved and authorized for issue by the 13th meeting of the 9th session of the Board of Directors dated 21 August 2020.

The Company has brought 3 subsidiaries including Chengdu Zhongling Wireless Communication Cable Co., Ltd., Chengdu SEI Optical Fiber Co., Ltd., Chengdu PUTIAN New Material Co., Ltd. into the consolidation scope. Please refer to section IV of the notes to financial statements for 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 Standards for Business Enterprises: Basic Standards” (issued by Order No.33 of the Ministry of Finance and amended by Order No.76 of the Ministry of Finance), the 42 specific accounting standards, application of Accounting Standard for Business Enterprises, explanations of Accounting Standards for Business Enterprises (“ASBEs”) published and revised after 15 February 2016.

According to the 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

The Company has adopted “Accounting Standards for Business Enterprises Interpretation No. 13” as revised by Ministry of Finance of the PRC since 1 January 2020, and the accounting policy change shall be handled by the future applicable methods.

III. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

1. Notes receivable

(1) Details

1) Details of different categories

Categories	Book balance		Closing balance		Carrying amount
	Amount	% to total	Amount	Provision for bad debts Provision proportion (%)	
Receivables with provision for bad debts made on a collective basis	38,869,493.49	100.00	41,347.08	0.11	38,828,146.41
Including: Bank acceptance	30,600,077.46	78.73			30,600,077.46
Trade acceptance	8,269,416.03	21.27	41,347.08	0.50	8,228,068.95
Total	<u>38,869,493.49</u>	<u>100.00</u>	<u>41,347.08</u>	<u>0.11</u>	<u>38,828,146.41</u>

Categories	Book balance		Opening balance		Carrying amount
	Amount	% to total	Amount	Provision for bad debts Provision proportion (%)	
Receivables with provision for bad debts made on a collective basis	39,322,586.97	100.00	59,422.12	0.15	39,263,164.85
Including: Bank acceptance	27,438,163.04	69.78			27,438,163.04
Trade acceptance	11,884,423.93	30.22	59,422.12	0.50	11,825,001.81
Total	<u>39,322,586.97</u>	<u>100.00</u>	<u>59,422.12</u>	<u>0.15</u>	<u>39,263,164.85</u>

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	30,600,077.46		
Trade acceptance portfolio	<u>8,269,416.03</u>	<u>41,347.08</u>	<u>0.50</u>
Subtotal	<u><u>38,869,493.49</u></u>	<u><u>41,347.08</u></u>	<u><u>0.11</u></u>

(2) *Changes in provision for bad debts*

Items	Opening balance	Accrual	Increase			Decrease			Closing balance
			Recovery	Others	Reversal	Written-off	Others		
Trade acceptance	<u>59,422.12</u>	<u>-18,075.04</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>41,347.08</u>
Subtotal	<u><u>59,422.12</u></u>	<u><u>-18,075.04</u></u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u><u>41,347.08</u></u>

(3) *Notes receivable written off in current period*

Notes receivable actually written off in current period totaled 0 yuan.

(4) *Pledged notes*

Items	Closing balance of pledged notes
Bank acceptance	<u>11,111,203.75</u>
Subtotal	<u><u>11,111,203.75</u></u>

(5) *Endorsed or discounted but undue notes at the balance sheet date*

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance	<u>6,340,403.46</u>	_____
Subtotal	<u><u>6,340,403.46</u></u>	<u>_____</u>

Due to the fact that the acceptor of bank acceptance is a commercial bank which has a comparatively higher credit level, there is 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 remains jointly liable on such acceptance according to the China Commercial Instrument Law.

2. **Accounts receivable**

(1) *Details*

1) *Details on categories*

Categories	Book balance		Closing balance Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	44,378,123.40	31.02	44,378,123.40	100.00	
Receivables with provision made on a collective basis	<u>98,695,225.17</u>	<u>68.98</u>	<u>12,435,718.15</u>	<u>12.60</u>	<u>86,259,507.02</u>
Total	<u><u>143,073,348.57</u></u>	<u><u>100.00</u></u>	<u><u>56,813,841.55</u></u>	<u><u>39.71</u></u>	<u><u>86,259,507.02</u></u>

Categories	Book balance		Opening balance Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	44,443,123.40	34.03	44,443,123.40	100.00	
Receivables with provision made on a collective basis	<u>86,154,317.86</u>	<u>65.97</u>	<u>11,992,130.04</u>	<u>13.92</u>	<u>74,162,187.82</u>
Total	<u><u>130,597,441.26</u></u>	<u><u>100.00</u></u>	<u><u>56,435,253.44</u></u>	<u><u>43.21</u></u>	<u><u>74,162,187.82</u></u>

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

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons
Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd	2,580,313.34	2,580,313.34	100.00	In the process of liquidation, not expect to be recoverable
KABKableprektionAB	2,058,597.74	2,058,597.74	100.00	Not expect to be recoverable
Shenyang Hengyuanda Communication Equipment Co., Ltd.	1,621,814.62	1,621,814.62	100.00	Not expect to be recoverable
Chuangdong Electrical and Mechanical 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
Wu Zhida Electronics Co., Ltd.	1,344,969.65	1,344,969.65	100.00	Not expect to be recoverable
Hangzhou Hanyi Plastic Pipe 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
Sales branch of Chengdu Cable Factory	1,062,382.43	1,062,382.43	100.00	Not expect to be recoverable
Henan Qingfeng County Industry and Commerce Co., Ltd.	1,007,986.64	1,007,986.64	100.00	Not expect to be recoverable
Sichuan Huiyuan Optical Communication Co., Ltd.	1,007,072.46	1,007,072.46	100.00	Not expect to be recoverable
Other units	28,400,157.43	28,400,157.43	100.00	Not expect to be recoverable
Subtotal	44,378,123.40	44,378,123.40		

3) *Accounts receivable with provision for bad debts made on a collective basis*

Items	Book balance	Closing balance	
		Provision for bad debts	Provision proportion (%)
Non-related party portfolio	97,408,976.57	12,429,286.92	12.76
Related party portfolio	<u>1,286,248.60</u>	<u>6,431.23</u>	<u>0.50</u>
Subtotal	<u><u>98,695,225.17</u></u>	<u><u>12,435,718.15</u></u>	<u><u>12.60</u></u>

4) *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	71,324,717.20	2,640,604.43	3.70
1-2 years	15,505,121.83	3,420,712.24	22.06
2-3 years	5,916,571.95	2,774,689.70	46.90
Over 3 years	<u>4,662,565.59</u>	<u>3,593,280.55</u>	<u>77.07</u>
Subtotal	<u><u>97,408,976.57</u></u>	<u><u>12,429,286.92</u></u>	<u><u>12.76</u></u>

(2) *Ageing analysis*

Ages	Book balance	Closing balance	
		Provision for bad debts	Provision proportion (%)
Within 1 year	72,610,965.80	2,647,035.66	3.65
1-2 years	15,475,523.11	3,582,683.36	23.15
2-3 years	5,940,781.95	2,798,899.70	47.11
Over 3 years	<u>49,046,077.71</u>	<u>47,785,222.83</u>	<u>97.43</u>
Total	<u><u>143,073,348.57</u></u>	<u><u>56,813,841.55</u></u>	<u><u>39.71</u></u>

Ages	Book balance	Opening balance	
		Provision for bad debts	Provision proportion (%)
Within 1 year	66,290,153.35	2,401,540.51	3.62
1-2 years	11,583,493.23	2,857,020.87	24.66
2-3 years	1,934,821.41	1,362,976.94	70.44
Over 3 years	<u>50,788,973.27</u>	<u>49,813,715.12</u>	<u>98.08</u>
Total	<u><u>130,597,441.26</u></u>	<u><u>56,435,253.44</u></u>	<u><u>43.21</u></u>

Accounts receivable shall be analyzed by age since the month when such receivables are accrued and shall be settled by time sequence.

The credit terms granted to customers are generally 3 months. A few customers have credit terms of 1 or 12 months. Accounts receivable past due are reviewed by the Management on a regular basis.

(3) *Changes in provision for bad debts*

1) *Details*

Items	Opening balance	Increase		Decrease		Closing balance
		Accrual	Recovery	Reversal	Written off	
Receivables with provision made on an individual basis	44,443,123.40			65,000.00		44,378,123.40
Receivables with provision made on a collective basis	<u>11,992,130.04</u>	<u>443,588.11</u>				<u>12,435,718.15</u>
Subtotal	<u>56,435,253.44</u>	<u>443,588.11</u>		<u>65,000.00</u>		<u>56,813,841.55</u>

2) *Significant provisions collected or reversed*

Debtors	Amount collected or reversed	Way of collection
Nanjing Putian Tianji Building Intelligence Co., Ltd.	<u>65,000.00</u>	Reach a set-off agreement
Subtotal	<u>65,000.00</u>	

(4) *Accounts receivable written off in current period*

Accounts receivable actually written off in the current period totaled 0 yuan.

(5) *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 ZTE Kangxun Telecom Company Limited	25,833,855.19	18.06	1,066,938.22
CRRC Zhuzhou Locomotive Co., Ltd.	10,026,568.60	7.01	414,097.28
Zhuzhou CRRC Times Electric Co.,Ltd.	5,775,345.74	4.04	238,521.78
Jiangsu Zerong Communication Technology Co., Ltd.	4,592,987.71	3.21	758,055.93
Liuzhou Locomotive and Rolling Stock Co., Ltd.	4,055,349.19	2.83	167,485.92
Subtotal	<u>50,284,106.43</u>	<u>35.15</u>	<u>2,645,099.13</u>

3. **Receivables financing**

(1) *Details*

1) *Details on categories*

Items	Initial cost	Interest adjustment	Closing balance		Carrying amount	Provision for impairment
			Interest accrued	Changes in fair value		
Notes receivable	32,107,345.19	_____	_____	_____	32,107,345.19	_____
Total	<u>32,107,345.19</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>32,107,345.19</u>	<u>_____</u>
Items	Initial cost	Interest adjustment	Opening balance		Carrying amount	Provision for impairment
			Interest accrued	Changes in fair value		
Notes receivable	23,544,919.54	_____	_____	_____	23,544,919.54	_____
Total	<u>23,544,919.54</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>23,544,919.54</u>	<u>_____</u>

2) *Receivables financing with provision for impairment made on a collective basis*

Items	Book balance	Closing balance	
		Provision for impairment	Provision proportion (%)
Bank acceptance portfolio	<u>32,107,345.19</u>	_____	_____
Subtotal	<u><u>32,107,345.19</u></u>	<u>_____</u>	<u>_____</u>

(2) *Endorsed or discounted but undue notes at the balance sheet date*

Items	Closing balance derecognized
Bank acceptance	<u>79,277,593.63</u>
Subtotal	<u><u>79,277,593.63</u></u>

Due to the fact that the acceptor of bank acceptance is a commercial bank which has a comparatively higher credit level, there is 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 remains jointly liable on such acceptance according to the China Commercial Instrument Law.

4. Accounts payable

(1) Details

Items	Closing balance	Opening balance
Material purchase	43,406,504.95	50,129,194.54
Operating expenses payable	<u>128,593.50</u>	<u>376,904.08</u>
Total	<u>43,535,098.45</u>	<u>50,506,098.62</u>

(2) Ageing analysis

Ages	Closing balance
Within 1 year	38,050,608.02
1-2 years	552,235.55
2-3 years	105,871.88
Over 3 years	<u>4,826,383.00</u>
Subtotal	<u>43,535,098.45</u>

(3) Significant accounts payable with age over one year

Items	Closing balance	Reasons for unsettlement
Chengdu Huangshi Shuangfeng Cable Co., Ltd.	3,426,822.79	The project is not yet due for settlement
Subtotal	<u>3,426,822.79</u>	

5. Operating revenue/Operating cost

(1) Details

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	193,768,027.42	190,914,152.95	229,847,895.54	224,758,325.41
Other operations	15,728,909.78	9,162,785.67	17,719,218.67	11,423,744.03
Total	<u>209,496,937.20</u>	<u>200,076,938.62</u>	<u>247,567,114.21</u>	<u>236,182,069.44</u>

(2) Breakdown of revenue by main categories

Segments	Copper cable and related products	Optical communication products	Wire bushings and related products	Subtotal
Main product types				
Fiber optic products		72,418,500.94		72,418,500.94
Thermal casing			269,311.02	269,311.02
Track cable	21,643,877.85			21,643,877.85
Component processing and component trade	99,231,898.57			99,231,898.57
Lease	6,488,908.52		3,851,345.55	10,340,254.07
Others	4,399,631.81		1,193,462.94	5,593,094.75
Subtotal	<u>131,764,316.75</u>	<u>72,418,500.94</u>	<u>5,314,119.51</u>	<u>209,496,937.20</u>
Revenue recognition time				
Goods (transferred at a point in time)	125,275,408.23	72,418,500.94	1,462,773.96	199,156,683.13
Services (rendered over time)	6,488,908.52		3,851,345.55	10,340,254.07
Subtotal	<u>131,764,316.75</u>	<u>72,418,500.94</u>	<u>5,314,119.51</u>	<u>209,496,937.20</u>

(3) Revenue recognized as included in the opening balance of carrying amount of contract liabilities totaled 1,212,404.58 yuan.

6. Taxes and surcharges

Items	Current period cumulative	Preceding period comparative
Urban maintenance and construction tax	31,583.50	131,128.93
Education surcharge	13,535.79	56,198.11
Local education surcharge	9,023.86	37,465.40
Stamp duty	150,760.20	137,969.88
Housing property tax	1,694,608.08	1,722,073.60
Land use tax	1,198,082.30	1,198,082.30
Vehicle and vessel use tax	2,160.00	2,160.00
Others	8,559.95	7,397.50
Total	<u>3,108,313.68</u>	<u>3,292,475.72</u>

7. Financial expenses

Items	Current period cumulative	Preceding period comparative
Interest expense	48,230.90	51,064.28
Including: Bank loan, overdraft and borrowing interests need to be paid within 5 years	48,230.90	51,064.28
Less: Interest income	2,655,745.43	4,178,054.47
Foreign exchange loss	390,488.99	60,105.41
Administration fee	177,392.90	216,701.13
Total	<u>-2,039,632.64</u>	<u>-3,850,183.65</u>

8. Income tax expenses

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses		-70,434.62
Deferred income tax expenses		
Total		<u>-70,434.62</u>

9. Other comprehensive income (OCI) after tax

Items	Opening balance	Current period cumulative				Attributable to non- controlling shareholders	Closing balance
		Current period cumulative before income tax	Less: OCI carried forward transferred to profit or loss	Less: income tax	Attributable to parent company		
Items not to be reclassified subsequently to profit or loss	3,626,311.39	-675,762.00		257,684.37	-933,446.37		2,692,865.02
Including: Changes in fair value of other equity instrument investments	3,626,311.39	-675,762.00		257,684.37	-933,446.37		2,692,865.02
Total	3,626,311.39	-675,762.00		257,684.37	-933,446.37		2,692,865.02

10. 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	-15,779,850.77	-16,706,521.84
Non-recurring profit or loss	B	6,894,642.01	2,378,280.99
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	-22,674,492.78	-19,084,802.83
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	6
Weighted average of outstanding ordinary shares	$L = \frac{D+E+F \times G/K - H \times I/K - J}{K}$	400,000,000.00	400,000,000.00
Basic EPS	$M = A/L$	-0.04	-0.04
Basic EPS after deducting non-recurring profit or loss	$N = C/L$	-0.06	-0.05

(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.

IV. INTEREST IN OTHER ENTITIES

(I) Interest in significant subsidiaries

1. Composition of significant subsidiaries

Subsidiaries	Main operating place	Place of registration	Business nature	Registered Capital (Unit:10,000)	Holding proportion (%)		Acquisition method	Type of legal entity
					Direct	Indirect		
Chengdu Zhongling Wireless Communication Cable Co., Ltd	Chengdu City, the PRC	Chengdu City, the PRC	Production and sales of wireless communication system cables, components and accessories	RMB8,210.00	100.00		Business combination not under common control	Limited Liability Company
Chengdu PUTIAN New Material Co., Ltd.	Chengdu City, the PRC	Chengdu City, the PRC	Production and sales of heat-shrinkable casing, cold-shrinkable tube and accessories, irradiation processing and derivative technology applications and consulting	RMB5,982.00	100.00		Business combination not under common control	Limited Liability Company
Chengdu SEI Optical Fiber Co., Ltd	Chengdu City, the PRC	Chengdu City, the PRC	Production and sales of optical fiber and related materials	USD1,700.00	60.00		Business combination not under common control	Limited Liability Company

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	-4,855,357.10		102,297,130.19

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

(1) Assets and liabilities

Currency unit: RMB10,000

Subsidiaries	Current assets	Non-current assets	Closing balance			
			Total assets	Current liabilities	Non-current liabilities	Total liabilities
Chengdu SEI Optical Fiber Co., Ltd.	22,780.41	6,348.52	29,128.93	3,376.00	178.64	3,554.64
			Opening balance			
Subsidiaries	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Chengdu SEI Optical Fiber Co., Ltd.	24,487.65	6,664.57	31,152.22	4,175.89	188.21	4,364.10

(2) Profit or loss and cash flows

Currency unit: RMB10,000

Subsidiaries	Operating revenue	Net profit	Current period cumulative	
			Total comprehensive income	Cash flows from operating activities
Chengdu SEI Optical Fiber Co., Ltd.	7,241.85	-1,213.84	-1,213.84	-3,062.15
			Preceding period comparative	
Subsidiaries	Operating revenue	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

(II) Interest in associates

1. Significant associates

Associates	Main operating place	Place of registration	Business nature	Registered Capital (Unit:10,000)	Holding proportion (%)		Accounting treatment	Type of legal entity
					Direct	Indirect		
					Chengdu Yuexin Tele-communications Materials Co., Ltd.	Chengdu City, the PRC		
Chengdu Bada Connector Co., Ltd.	Chengdu City, the PRC	Chengdu City, the PRC	Production and sales of wire and cable and all kinds of connectors, network communication system supporting products, computer hardware and software products and plastic products	RMB500.00	49.00	Equity method	Limited Liability Company	
Putian Fasten Cable Tele-communication Co., Ltd	Jiangyin City, the PRC	Jiangyin City, the PRC	Production and sales of communications optical fiber, optical cable and related products	RMB50,000.00	22.50	Equity method	Limited Liability Company	

2. Main financial information of significant associates

Items	Closing balance/current period cumulative		
	Chengdu Yuexin Telecommunication Materials Co., Ltd.	Chengdu Bada Connector Co., Ltd.	Putian Fasten Cable Telecommunication Co., Ltd.
Current assets	2,850,446.27	68,072,181.99	1,275,443,615.56
Non-current assets	2,197,031.78	6,577,282.38	209,665,613.73
Total assets	5,047,478.05	74,649,464.37	1,485,109,229.29
Current liabilities	4,868,332.87	59,447,675.00	719,405,567.92
Non-current liabilities		4,491,814.89	281,485,836.46
Total liabilities	4,868,332.87	63,939,489.89	1,000,891,404.38
Non-controlling interest		787,740.45	
Equity attributable to owners of parent company	179,145.18	9,922,234.03	484,217,824.91
Proportionate share in net assets	62,700.81	4,861,894.68	108,949,010.61
Adjustments			
Goodwill			3,190,746.07
Others	109,955.56	-0.03	231,757.60
Carrying amount of investments in associates	172,656.37	4,861,894.65	112,371,514.28
Fair value of equity investments in associates in association with quoted price			
Operating revenue		22,672,499.91	388,744,899.64
Net profit		-52,308.13	-28,875,586.05
Net profit of discontinued operations			
Other comprehensive income			
Total comprehensive income		-52,308.13	-28,875,586.05
Dividend from associates received in current period			

Items	Opening balance/preceding period comparative		
	Chengdu Yuexin Telecommunication Materials Co., Ltd.	Chengdu Bada Connector Co., Ltd.	Putian Fasten Cable Telecommunication Co., Ltd.
Current assets	2,850,446.27	74,409,388.86	1,164,982,958.92
Non-current assets	2,197,031.78	6,935,149.06	225,294,332.09
Total assets	5,047,478.05	81,344,537.92	1,390,277,291.01
Current liabilities	4,868,332.87	70,645,965.11	692,283,590.97
Non-current liabilities			184,900,289.07
Total liabilities	4,868,332.87	70,645,965.11	877,183,880.04
Non-controlling interest		724,030.65	
Equity attributable to owners of parent company	179,145.18	9,974,542.16	513,093,410.97
Proportionate share in net assets	62,700.81	4,887,525.66	115,446,017.47
Adjustments			
Goodwill			3,190,746.07
Others	109,955.56	-0.03	231,757.60
Carrying amount of investments in associates	172,656.37	4,887,525.63	118,868,521.14
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			

V. OTHER SIGNIFICANT EVENTS

(I) Segment information

1. Identification basis for reportable segments

Reportable segments are identified based on operating segments which are determined based on the structure of the Company's internal organization, management requirements and internal reporting system.

2. Financial information of reportable segments

Items	Closing balance/current period cumulative		
	Copper cable and related products	Optical communication products	Cable conduct and related products
Revenue from main operations	137,632,328.83	71,217,841.30	269,311.02
Cost of main operations	135,848,700.83	74,108,692.03	524,354.22
Assets impairment loss		-1,880,650.92	
Credit impairment loss	-430,747.56	8,665.51	47,053.75
Total assets	942,851,387.48	291,289,235.53	82,761,405.17
Total liabilities	100,713,685.67	35,546,410.01	61,824,489.87

Items	Closing balance/current period cumulative		
	Aluminum rod and related products	Inter-segment offsetting	Total
Revenue from main operations		15,351,453.73	193,768,027.42
Cost of main operations		19,567,594.13	190,914,152.95
Assets impairment loss			-1,880,650.92
Credit impairment loss		-3,108.55	-371,919.75
Total assets		221,006,530.45	1,095,895,497.73
Total liabilities		45,699,223.25	152,385,362.30

Items	Opening balance/preceding period comparative		
	Copper cable and related products	Optical communication products	Cable conduct and related products
Revenue from main operations	139,587,545.47	96,602,987.31	244,923.76
Cost of main operations	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	955,587,515.49	311,522,244.85	82,962,477.09
Total liabilities	102,229,616.62	43,641,026.59	63,812,388.80

Items	Opening balance/preceding period comparative		
	Aluminum rod and related products	Inter-segment offsetting	Total
Revenue from main operations		6,587,561.00	229,847,895.54
Cost of main operations		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		218,170,382.44	1,131,901,854.99
Total liabilities		42,859,966.69	166,823,065.32

(II) Other information

Items	Closing balance		Opening balance	
	Consolidated	Parent company	Consolidated	Parent company
Net current assets	602,433,628.25	403,593,108.34	606,249,319.93	397,384,459.62
Total assets less current liabilities	1,006,679,366.43	846,124,605.23	1,029,945,166.00	854,184,254.41

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 RMB209,496,937.20, representing a decrease of approximately 15.38% 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 RMB208,850,170.13, representing a decrease of approximately 11.55% 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 RMB71,217,841.30, representing a decrease of 26.28% 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 RMB11,902,256.57, representing a decrease of 30.24% as compared to the corresponding period last year.

The decline in revenue from principal businesses was mainly due to a continual decline in the market of optical fibers and substantial decreases in sales volume and unit price.

(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, unwaveringly developing its optical telecommunication businesses, continuously optimizing its energy transmission cable business and prudently and properly pushing forward the progress of the electronic information industrial park project.

1. *Optical telecommunication business*

Due to the overall surplus of production capacity of optical fibers and cables, along with the fierce competition in the optical telecommunications market as well as the suspension of construction work of operator projects and other optical cable projects, there was a drop in demand for optical fiber industry and a continuing decline in price, which resulted in a decrease in sales volume and year-on-year decreases in operating income and profit before tax. In order to reduce the impact of unfavorable factors, the Company conducted negotiations with key raw material suppliers regarding the prices of major raw materials, such as preforms, drums and coatings, and effectively reduced procurement costs.

2. *Energy transmission cable business*

In the first half of 2020, the Company increased its investment in technological research and development and equipment procurement. The Company improved its product portfolio, expanded its coverage of product sales, strengthened management and control of the procurement and production processes, improved manufacturing gross profit margin, successfully developed materials with higher cost performance and effectively reduced cost and procurement risk. The Company finished and stabilized the radiation dosage of some specifications of the European standard lines, improved double oil resistance, aging resistance, weather resistance and other indicators of the cable, which significantly reduced the quality risk, and strengthened capability of material modification of the research and development team.

3. *Other businesses*

During the outbreak of COVID-19 in 2020, the Company actively carried out prevention and control measures, provided supplies for prevention and control in a timely manner, and implemented effective park entrance management and park disinfection management, and facilitated the orderly resumption of work and production in the park. For the new material business, the irradiation center resumed work ahead of schedule, seized certain market opportunities, and also expanded on its customer service, resulting in an increase in revenue from irradiation processing in the first half of 2020 as compared to the corresponding period last year. During the Period, the materials processing division continued its efforts in promoting the rectification of insufficient competitiveness in the irradiation market and improving irradiation process and equipment, enhanced production efficiency and product qualification ratio, and improved service quality. It also expanded the scope of processing, developed new markets, actively explored the irradiation processing of medicines, medical equipment, food and other aspects, and strived to achieve a breakthrough in the processing field.

II. Work progress in the first half of 2020

1. Advancing Party construction and promoting in-depth integration of branch work and operation work

By further studying and implementing the spirit of the 19th CPC National Congress and the Second, Third and Fourth Plenary Sessions of the 19th Central Commission for Discipline Inspection, and aiming at improving the quality of Party construction work, the Company focused on enhancing the scientific level of Party construction. The Company underwent assessment conducted by the Party committee of the Group. Party committee members and members of the leader group diligently fulfilled “One Post with Two Responsibilities (一崗雙責)”, integrated Party construction with production and operation, guided and supervised the concept education work in their responsible fields, completed the “Remain True to Our Original Aspiration and Keep Our Mission Firmly in Mind (不忘初心、牢記使命)” repeat inspections of contact points and checked the effectiveness of rectification against the list of problems. With a view to solving certain bottlenecks that restrict corporate development, the actual integration between Party construction work and production and operation has been strengthened.

The Party committee fulfilled its main responsibilities and conducted discussion in advance for the “Three Key and One Major (三重一大)” matters in accordance with required procedures. In the first half of the year, The Party committee examined and discussed, in advance, a total of 5 items of significant operation and management matters and 12 items of appointment and dismissal of cadres, and gave play to its leading role in “charting development course, crafting overall plans and overseeing the implementation (把方向、管大局、保落實)”,

2. Paying attention to research and development and enhancing technological innovation capabilities

In January 2020, the Company established a product technology department, which is responsible for the development of new products relating to locomotive cables, the selection and improvement of insulating materials and sheath materials, and assisting the energy transmission division to complete product upgrades etc. The product technology department also conducts comparison of product performance, quality assurance status and price among various material manufacturers, and selects suppliers with reasonable prices and stable quality.

3. *Focusing on core business and strengthening equity investment management*

In accordance with the “Notice Concerning Several Items in Relation to Central Enterprises Strengthening Equity Investment Management” (關於中央企業加強參股管理有關事項的通知), the Company strengthened the management of investment in state-owned equity interests, paid attention to investment return of equity investment, and exerted strict financial control. For Putian Fasten Cable Telecommunications Co., Ltd. which was less profitable, the Company intended to transfer its 12.5% equity interest, and the transfer is currently in progress; for the continuously loss-making of Chengdu Yuexin Telecommunications Materials Co., Ltd., it applied for liquidation and exit and proposed a liquidation plan.

4. *Continuously improving management and reinforcing cost control*

The Company further reduced costs and increase efficiency comprehensively and continuously improved management; broadened sources of income and reduced expenditure, reinforced cost control and reduce expenses with no added value. The Company’s headquarters and various controlling companies have effectively strengthened internal management and control, and the overall cost of the period has decreased significantly. During the Period, the cost decreased by 38.97% as compared with the budget for the same period, and decreased by 10.72% as compared with the corresponding period last year.

5. *Intensifying “Two Funds” reduction and control, improving the accuracy of reduction and control and enhancing turnover efficiency*

As of the end of June 2020, the percentage decrease in net account receivables exceeded the percentage decrease in operating income, which met the target of reduction and control. Net inventory increased from the corresponding period last year, but the decline was greater than the decline in operating income.

6. *Exercising dynamic management and strengthening human resources control*

In strict adherence with the annual budget, the Company strengthened the control of the total amount of wages of the Group, monitored the actual use of total wages month by month, and provided the Company’s management with data of monthly use and related details to ensure that the use of total wages of the Company was in line with the economic benefits and labor productivity of the Company.

After the outbreak of COVID-19 in early 2020, in accordance with the relevant national and local policies aiming at reducing the burden on enterprises, the Company handled the applications for job stabilization subsidies in a timely manner, various social insurances undertaken by the Company were also reduced, which further reduced corporate labor costs.

7. *Conducting risk investigation and laying emphasis on internal control*

The Company strengthened risk classification, identification and management and incorporated risk management in its daily routine. Based on the internal and external environment, the Company identified major risks at the beginning of the year, and submitted the “Chengdu Putian 2019 Internal Control System Establishment Report” to China Potevio, led controlling companies to conduct risk investigation, prevention and control, and actively responded to new problems and challenges that may arise from Sino-U.S. economic and trade frictions, so as to prevent and control the risks arising from such economic and trade frictions. The Company improved the accountability work system and work plan, strengthened work training and policy promotion, and carried out special inspections.

(III) FINANCIAL ANALYSIS

As at 30 June 2020, the Group’s total assets amounted to RMB1,095,895,497.73, representing a decrease of 3.18% from RMB1,131,901,854.99 as at the end of last year, of which the total non-current assets amounted to RMB404,245,738.18, accounting for 36.89% of the total assets and representing a decrease of 4.59% from RMB423,695,846.07 as at the end of last year.

As at 30 June 2020, the Group’s total current assets amounted to approximately RMB691,649,759.55, accounting for 63.11% of total assets and representing a decrease of 2.34% from RMB708,206,008.92 as at the end of last year. The net cash flows from operating activities of the Group during the Period amounted to RMB-44,670,825.53, while the net cash flows from operating activities for the corresponding period last year was RMB35,995,961.90.

As at 30 June 2020, the Group’s bank balances and cash (including deposits with encumbrance) amounted to RMB400,702,162.32, representing a decrease of 12.71% from RMB459,059,145.36 as at the end of last year.

As at 30 June 2020, the Group’s total liabilities amounted to RMB152,385,362.30 (as at 31 December 2019: RMB166,823,065.32). The liability-to-total-asset ratio was 13.91%, representing a decrease of 0.83% as compared with 14.74% 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 RMB3,496,367.55, RMB18,297,986.90, RMB5,368,393.82 and RMB-2,039,632.64 respectively, representing a decrease of 40.17%, a decrease of 18.64%, an increase of 46.87% and an increase of RMB1,810,551.01 from RMB5,844,316.88, RMB22,488,834.13, RMB3,655,206.78 and RMB-3,850,183.65 in the corresponding period last year, respectively.

During the Period, the average gross profit margin of the Group was 4.50%, representing a decrease of 0.1% from 4.60% for the corresponding period last year.

1. *Analysis of liquidity*

As at 30 June 2020, the Group's current ratio and quick ratio were approximately 7.75 and approximately 6.38, respectively.

2. *Analysis of financial resources*

As at 30 June 2020, the Group's long-term borrowings amounted to RMB6,365,846.15. As the Group's bank deposits and cash amounted to RMB400,702,162.32, the Group had 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 2020, the Group had no contingent liabilities (31 December 2019: Nil).

(IV) BUSINESS OUTLOOK

In the second half of 2020, the Company will operate in line with the direction of national policies. Based on the requirements of "Seven Improvements and Enhancements" of the headquarters of the Group, the Company will set the Party construction as its guidance, set development as its goal, insist on developing business, release idle resources, and enhance its management service capabilities. It will carry out its work with focus on target markets, product research and development team building and place emphasis on the core technological and business capabilities of enterprises. It will adjust and optimize its business structure and further implement the "practice of austerity" to continue to reduce cost and increase efficiency, optimize and improve internal control, and promote a 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

The price of optical fiber is expected to continue to be low. The Company shall improve its sales quality as much as possible and maintain a relatively high sales price. At the same time, it shall transfer pressure to the upper end of the business chain and reduce the cost of raw materials to adapt to competition. In terms of procurement, it will continue to negotiate prices with suppliers for raw materials such as light rods and helium. Without compromising product quality, it will strictly select suppliers, accurately control procurement volume, and continue to make efforts to reduce costs and increase inventory turnover. In terms of labor costs, it will strictly control the total wages and continuously optimize and improve performance appraisal and salary distribution, so as to actively promote high-quality development of the Company.

2. Energy transmission cable business:

In the second half of the year, the pressure on business operations will remain high. Despite the difficulty in reducing and reversing losses and the uncertainty of the extent of the impact of the novel coronavirus epidemic, the Company will strive to, externally, increase its recognition and trust within customer market and, internally, enhance productivity, product quality, and the cost awareness of employees at all levels, while strengthening technical process improvement, equipment upgrades and transformation, with an aim to overcome difficulties, improve quality and efficiency and complete this year's tasks of budget.

In the market front, the Company will properly allocate manpower for sales tasks, sales orders and collection of payments as planned, analyze the completion in a timely manner, and develop emergency measures to ensure the increase on the basis of completing sales tasks. In terms of production control, the Company will fully promote the application of ERP production management system, and promote the comprehensive improvement of material consumption, energy consumption, and production efficiency throughout the manufacturing process; implement reasonable scheduling and saturated production, increase the output of each process, completed this year's production and sales plan, and substantially increase the Company's per capita output value. In terms of technology improvement, the Company will continue to optimize the process structure, reasonably control the usage of structure, and reduce material costs. It will

continue to identify and compare suppliers with more cost-effective materials to reduce procurement costs while improving performance indicators. It will also increase cost and expense control and strengthen awareness on cost and expense.

3. *Electronic information industrial park*

The Company will expand recommended leasing channels, including recommendations from relevant departments in the High-tech Zone, mutual recommendations from surrounding mature parks, lease expansion and recommendation of lessee companies, information releases on online media, etc.; actively follow up customers feedbacks, adjust leasing strategies, and maintain flexibility in leasing conditions, etc.; study on and develop rewards and incentive systems, etc. By going out and bringing in, the Company will integrate informatization into the operation and management of the park, improve the operation and management level of the park, expand the value-added service functions of the park, and realize value-added benefits.

The Company will actively promote the completion of the “Air Compressor Energy Saving and Consumption Reduction Project”, and carry out QC group activities to achieve the results of QC activities, work out for energy saving and consumption reduction and improve the ability of the industrial park to carry out QC activities.

4. *Other businesses*

In the second half of the year, the irradiation processing business is expected to maintain the momentum of the first half of the year, and operating income is expected to increase slightly from the first half of the year. The Company will retain existing customers through provision of high-quality services, strengthen analysis of customer production, and strive to achieve a growth of about 20%. It will fully develop the sheet irradiation market; strive to make breakthroughs in the irradiation market of food, medicine and medical equipment. At the same time, it will strengthen production management and improve production efficiency, strengthen the operation and management of auxiliary equipment and reduce energy consumption, control the expenditure of all aspects and accurately calculate the processing cost.

II. Continuously improving management and effectively promoting sustainable development through improving quality and efficiency

1. Combining Party construction with production and operation so as to achieve development led by high-quality Party construction

The Company will continue to organize theoretical study and training for Party cadres and Party members to improve political positions. It will give full play to the role of demonstration and example of the “key minority”, strengthen the study of the central group, create a better learning atmosphere among the Party members, organize and carry out the annual red theme education in due time, supervise branches in respect of branch learning and education, and diversify the form of education.

The Company will continue to supervise the learning of “Xuexi.cn” and “Rong Cheng pioneer & Party member e home” and the implementation and execution of “Two Studies, One Action”; urge all branch party members to complete online and offline learning in accordance with the learning requirements.

The Company will implement “One Post with Two Responsibilities”, spend efforts in maintaining Party integrity, and guide cadres to strictly observe the bottom line of Party discipline and national laws, improve the system to prevent corruption risks and regulatory risks, conduct annual online and offline publicity, education, training and guidance on anti-corruption and promotion of integrity through conferences, WeChat, videos, and special learning.

2. Enhancing internal control and comprehensive risk management

The Company will comprehensively strengthen compliance management, accelerate the improvement of the standard of legal governance and compliance management, ensure the healthy and sustainable development of the Company, and issue the “Chengdu Putian 2020 Compliance Evaluation Report” and complete related compliance work, update the “Chengdu General Internal Control Manual”, improve the internal control system related to the comprehensive risk management of the internal and holding companies, and supervise and inspect the implementation progress, monitor and report major risks on a quarterly basis, re-evaluate major risks identified at the beginning of the year every quarter and conduct follow-up monitoring.

3. Increasing investments and efforts in research and development

The Company will strengthen the building of innovation capabilities, enhance core competitiveness, cultivate new drivers of development, give full play to the role of product technology platforms, conduct related technology research and development and trial production, and make corresponding preparations for market expansion for the products.

4. *Focusing on main business and strengthening investment management*

The Company will speed up the disposal of idle assets, continue to proactively engage with the transferee of the asset disposal, negotiate the conditions of disposal with the potential asset transferee, and propose and implement disposal plans after reaching consensus. It will actively promote the transfer of equity interest in Putian Fasten, and complete the filing after obtaining shareholders' approval so as to commence the tender. It will formally initiate the liquidation and cancellation of Chengdu Yuexin according to the required liquidation procedures and strive to complete the liquidation within the year. It will strengthen the monitoring and daily supervision of the governance of the deadlocked and loss-making enterprises.

5. *Reinforcing cost control and management of the "Two Funds"*

The Company will continue to implement the guiding ideology of "practice of austerity", improve the standard of refined management, and strengthen cost awareness. It will continue to control the expense list and strengthen the refined management of the monthly budget; through the budget management system in its information system, control the expenses of each department within the budget range, apply extra-budgetary fund upon strict approval in accordance with its information system process. It will strengthen the control of costs and expenses and all expenses shall be budgeted and approved level by level.

The Company will intensify the reduction and control of "Two Funds", duly collect customer information and conduct credit evaluation, determine whether to collect payment or deliver goods first according to the customer's credit rating and acquire and retain high-quality customers so as to control risks arising from account receivables from the source. It will establish and improve the sales account, keep an eye on the receipt, delivery, and contract execution, and timely send warning letters regarding outstanding account receivables. In strict accordance with relevant provisions of the "Account Receivables Management System" of the Company, each entity regularly issues reconciliation letters to customers, and reports to the commerce department of sales center of the Company, which will summarize the Company's response letters. In adherence with the principle of "determining production by sales and determining procurement by production", it will strengthen source control, and determine economic procurement volume, standardize the process management of the receipt and delivery of inventory, strengthen the construction of inventory system, carry out regular inventory counts, and clean up inefficient and invalid inventory, and also attempt to carry out inventory audits of all entities to prevent further incurrence of inferior inventory.

6. *Enhancing learning and training and improving performance management*

The Company will make efforts in management of employees' remuneration and performance, further improve the performance evaluation of all employees, continuously improve the Measures for Employee Performance Management of the Company (《公司員工績效管理辦法》) and Measures for Performance Management of Managers (grade III and above) of the Company (《公司三級以上經理績效管理辦法》). According to its own strategic planning and management needs, the Company will maintain close communication with all departments, select training courseware, and specifically strengthen the education and training of employees at all levels of the Company, institutionalize and normalize employee education and training, and facilitate the improvement of comprehensive ability of employees at all levels of the Company. It will also accelerate the completion of the transfer of social management of the Company's retirees, and sign agreements on transfer of social management for retirees with local governments as soon as possible, and cooperate in completing the transfer of personnel, files, and Party organization relationships.

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

The Company will standardize and consummate its bidding procedures. It will implement centralized procurement in strict accordance with relevant regulations to further improve the centralized procurement and supplier management informatization. It will also continue to carry out the three-system management and 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. It will continue to carry out the prevention and control of the novel coronavirus epidemic, in accordance with the requirements of normalization of epidemic prevention and control, continue to do a good job of preventing the coronavirus from entering and spreading within a region; pay attention to checking visitors from medium and high risk areas; continue to do a good job in park entrance management and park disinfection management; replenish everything in time and make reasonable reserves.

OVERDUE TIME DEPOSITS

As at 30 June 2020, the Group did not have any other deposit and trust deposit with nonbanking 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 [2016] No. 32) and Administrative Guidance with Regard to the Recognition of High and New Technology Enterprises (Guo Ke Fa Huo [2016] No. 195), the Company was recognized as a high-tech enterprise and enjoyed the high-tech enterprises preferential tax rate of 15% for a period of three years from 2018 to 2020.

Pursuant to the relevant regulations of the Administrative Methods for the Recognition of High and New Technology Enterprises (Guo Ke Fa Huo [2016] No. 32) and Administrative Guidance with Regard to the Recognition of High and New Technology Enterprises (Guo Ke Fa Huo [2016] No. 195), the Company's subsidiaries, Chengdu SEI Optical Fiber Co., Ltd. enjoyed the high-tech enterprises preferential tax rate of 15% for a period of three years from 2017 to 2019. Chengdu SEI Optical Fiber Co., Ltd. had applied for reassessment in accordance with the requirements during the Period. Based on past experience, it is expected that it will pass the reassessment by October. Therefore, Chengdu SEI Optical Fiber Co., Ltd. still withheld the income tax at the preferential tax rate of 15% during the Period.

Pledge of Assets

As at 30 June 2020, no asset has been pledged by the Group as security for bank loan (31 December 2019: 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 integrating risk management into day-to-day operations. The Group's risk management targets to seek appropriate balance between risks and benefits and to mitigate the effects of risks on the Group's financial performance and maximize the interests of the shareholders and other equity investors. Based on such objectives, the Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

1. Risk of strategic goals falling below expectation

As the COVID-19 epidemic has resulted in suspension of work, the production and operation will be abnormal for a period of time, which has a significant impact on attaining the strategic goals pre-determined by the Group. Amid the COVID-19 epidemic, the resumption of work is subject to government approval, which will affect the on-schedule implementation of existing contracts. Major customer markets have not yet recovered and abnormal shipment has affected supply and sales. The Group will adjust the overall strategic planning goals for 2020 taking into the impact of the epidemic.

2. Foreign exchange rate risk

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

3. Market risk

Market risk refers to the risk of decline in the market demand for products of the Group as affected by the communication industry and advance of science and technology resulting in market position of products of the Group being threatened by substitute products. The Group constantly and actively focuses on the development of the 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 respective management and maintenance for its different customer levels comprising of key customers, major customers and general customers, explores new customers and develops new markets.

4. Supply chain risk

The Group is exposed to supply chain risks associated to the supply of helium, a kind of raw material. As China is short of helium resources, all helium are basically imported. The intensified monopolisation of helium resources has resulted in a tightening of supply and shortage of stock, which affects production. Procurement costs for helium had increased as a result of the Sino-US trade disputes leading to increased tariffs imposed. The Group will strengthen its liaison and enter into long-term stable supply contracts with its helium suppliers, and enhance its ability to switch suppliers.

5. Human resources risk

The human resources risk of the Group mainly comprises risk of redundant employees, risk of low salaries and risk of team stability. The Company reduces the number of redundant employees on full compliance with the relevant national policies. It 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 establishes a training scheme for its reserved talents and sets up a reserved talent pool through the information system so as to provide a basis for the promotion of staff and selection of talents.

STAFF AND REMUNERATION POLICY OF THE GROUP

As at 30 June 2020, the Group had 625 staff members (as at 31 December 2019: 749). For the six months ended 30 June 2020, the remuneration for staff members was RMB19,649,583.44 (the corresponding period of 2019: RMB24,748,998.68).

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 2020, 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 2020, HKSCC Nominees Limited (“**HKSCC**”, holding shares of the Company on behalf of various customers) held 156,258,999 H Shares, representing 37.65% 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 2020, 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 2020	Percentage of H Shares	Percentage of total issued share capital
CCASS participants			
The Hongkong & Shanghai Banking Corporation Limited	18,175,000	11.35%	4.54%
BOCI Securities Limited	9,945,000	6.21%	2.49%

Save as disclosed above, as at 30 June 2020, 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 2020, 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 2020 (no interim dividend was paid for the six months ended 30 June 2019).

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 2020. The Audit Committee considers that the interim consolidated financial statements and interim results for the six months ended 30 June 2020 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 2020 to 30 June 2020 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 2020 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 2020

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*