

Implementation Rules of Audit Committee of the Board

(Amended at the first meeting of the eighth session of the Board on 12 November 2015)

Chapter 1 General Provisions

Article 1

In order to strengthen the decision-making function of the board of directors (the "Board") of Chengdu PUTIAN Telecommunications Cable Company Limited (the "Company"), accomplish audit in advance and professional audit, ensure effective supervision over the management by the Board and improve the corporate governance structure, the Company sets up the Audit Committee (the "Committee") of the Board and formulates these implementation rules ("Rules") in accordance with the Company Law of the People's Republic of China, the Code on Corporate Governance Practices set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), the Articles of Association and other regulations.

Article 2

The Audit Committee is a body specifically set up according to the resolution of the general meeting of the Company, mainly responsible for the communication, supervision and review of the internal and external audit of the Company.

Chapter 2 Composition

Article 3

The Audit Committee shall consist of no less than three independent non-executive directors, at least one of whom shall have accounting or related financial management expertise as required by the Rule 3.10(2) of the Listing Rules.

Article 4

Members of the Audit Committee shall be nominated by the Chairman of the Board, more than half of the independent non-executive directors or more than one thirds of the directors, and be elected by the Board.

Article 5

The Audit Committee shall have one chairman who shall be an independent non-executive director and be in charge of the work of the Committee.

Article 6

The term of office of members of the Committee shall be consistent with the term of the directors, and may be

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re-elected and re-appointed upon the expiry of the current term of office. If during the term, any member of the Committee no longer maintains the position as a director, he or she shall automatically lose the qualification as a member and the replacement shall be appointed by the Board in accordance with Articles 3 to 5 above.

Article 7

The Audit Committee shall have one or two designated personnel responsible for the routine work liaison and organizing meetings.

Article 8

A former partner of the Company's existing auditing firm should not act as a member of the Company's Audit Committee within 1 year from the following date (whichever is later):

- a. when he/she ceases to be a partner of that auditing firm; or
- b. when he/she ceases to have any financial interests in the firm.

Chapter 3 Duties and Powers

Article 9

Main duties and functions of the Audit Committee include:

1. To make recommendations on the engagement, reappointment or change of external auditors, approve the remuneration and terms of engagement of the external auditor, and any matters relating to resignation or dismissal of the auditor;

2. to supervise the internal auditing mechanism of the Company and its implementation;

3. to communicate between the internal audit and the external auditors;

4. to monitor the integrity of the Company's financial statements, annual report and accounts, and half-year report, and to review the significant financial reporting judgements contained therein. In reviewing these reports before submission to the Board, the Committee shall focus particularly on:

(1) any changes in accounting policies and practices;

(2) major judgmental areas;

(3) significant adjustments resulting from audit;

(4) the going concern assumptions and any qualified opinions;

(5) compliance with accounting standards; and

(6) compliance with the Listing Rules and legal requirements in relation to financial reporting;

5. to liaise with the Board and senior management. The Committee shall meet, at least twice a year with the Company's auditors.

6. to review the financial controls and review the risk management and internal control systems;

7. to discuss the risk management and internal control systems with management to ensure that management has

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performed its duty and establish effective systems, including whether the Company has adequate accounting and financial reporting resources, whether its personnel possess adequate qualifications and experience, staff training programmes and whether budget is sufficient;

8. to consider major investigation findings on risk management and internal control matters as delegated by the board or on its own initiative and management's response;

9. to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced, and to review and monitor the effectiveness of the internal audit function;

10. to review the Group's financial and accounting policies and practices;

11. to review the external auditor's Management Letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or control systems and management's response;

12. to ensure the Board timely response to the matters raised in the external auditor's management letter;

13. to review and monitor the external auditor's independence, objectivity and the effectiveness of the audit process. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

14. to develop and implement policies on engaging an external auditor to supply non-audit services. The Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

15. the Committee shall consider any material or unusual items reflected in the report and accounts, and shall appropriately consider any matters raised by the Company's staff responsible for accounting and financial reporting function, compliance officer or auditors.

16. to review internal control system of the Company and to audit material connected transactions;

17. to review the following arrangements made by the Company: employees of the Company can raise concerns in strict confidence about possible improprieties in financial reporting, internal control or other aspects. The Audit Committee should ensure that appropriate arrangements are made to enable the Company to conduct fair and independent investigation and take proper measures;

18. to act as the key representative body for overseeing the Company's relation with the external auditor;

19. other matters authorized by the Board.

Article 10

The Audit Committee shall be responsible to the Board and submit proposals to the Board for consideration and approval. The Audit Committee shall cooperate with respect to the review by supervisors of the Company.

Chapter 4 Decision-making Procedure

Article 11

The audit working team is responsible for making the preliminary preparations and providing the relevant

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information on the Company in writing for the Audit Committee to make decisions:

1. relevant financial reports of the Company;
2. work reports of internal and external auditors;
3. external auditors contract and the relevant work reports;
4. public disclosure of information made by the Company;
5. audit reports regarding material connected transactions of the Company;
6. other relevant matters.

Article 12

The Audit Committee shall convene meetings to discuss reports submitted by the audit working team, and shall submit its relevant written resolutions to the Board for consideration:

1. Duty performance appraisal on external auditors, and the engagement and change of external auditors;
2. whether the internal audit system of the Company has been effectively implemented and whether the financial reports of the Company are true in all aspects;
3. whether information disclosed publicly by the Company are objective and true, and whether the material connected transactions of the Company are in compliance with the relevant laws and regulations;
4. performance appraisal of the internal finance department and audit department, including the persons-in-charge;
5. other relevant matters.

Chapter 5 Rules of Procedure

Article 13

The Audit Committee shall convene regular meetings and extraordinary meeting. Regular meetings shall be convened at least two times every year and one meeting shall be convened in each half year. Extraordinary meeting shall be convened when proposed by members of the Audit Committee.

Members of the Committee shall be notified five days prior to the convening of a regular meeting. For extraordinary meeting, such arrangement also shall be adopted where applicable.

The meetings of the Audit Committee shall be chaired by the Chairman of the Committee. If the Chairman is unable to attend the meeting, he or she may appoint another member who shall be an independent non-executive director to chair the meeting.

Article 14

The meetings of the Audit Committee shall be convened only with the presence of more than two thirds of the members. Each member shall be entitled to one vote. The resolutions made by the meeting must be approved by over half of all

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members.

Article 15

At the meeting of the Committee, voting shall be made by a show of hands or by poll. In case of emergencies, voting may be made by telecommunication.

Article 16

Members of the audit working team may attend the meetings of the Audit Committee as observers. Directors, supervisors and other senior management members of the Company may be invited to attend such meetings if necessary.

Article 17

If necessary, the Audit Committee may appoint intermediaries to provide professional advice for its decisions at its meeting at the expense of the Company.

Article 18

The convening procedure and voting method of the meeting of the Audit Committee and the resolutions passed at such meetings shall comply with the relevant laws, regulations, Articles of Association and these Rules.

Article 19

There shall be minutes of meetings of Audit Committee and members of Committee attending the meetings shall sign their names there; the minutes of the meeting shall be kept by the secretary of the Board. The draft and final versions of the minutes of the Audit Committee meetings should be sent to all members of the Committee for their comment and records respectively, in both cases within a reasonable time after the meeting.

Article 20

Resolutions passed by and voting results of the meeting of the Committee shall be reported to the Board in writing.

Article 21

Members present at the meeting of the Committee shall have an obligation to keep all matters discussed in such meetings confidential, and shall not disclose the relevant information without authorization.

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Chapter 6 Supplementary Provisions

Article 22

These Rules shall come into effect and be implemented on the date when being considered and approved by the Board.

Article 23

Any matters not covered by these Rules shall be implemented in accordance with the provisions of the relevant laws and regulations of the PRC and the Articles of Association of the Company. Should there be discrepancy between these Rules and the laws and regulations promulgated later by the State or the Articles of Association amended through lawful procedures, the State laws and regulations and the Articles of Association of the Company shall prevail, and these Rules shall be revised immediately and the revised Rules shall be reported to the Board for consideration and approval.

Article 24

The rights to interpret these rules shall belong to the Board.

(The English version of this document is for reference only. In case of discrepancies or inconsistency between the English version and Chinese version, the Chinese version shall prevail.)

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