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中国普天

成都普天電纜股份有限公司

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED*

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

(Stock Code: 1202)

2015 INTERIM RESULTS ANNOUNCEMENT

SUMMARY

- The Group recorded a turnover of RMB584,562,784.95 for the six months ended 30 June 2015 (the “Period”), representing an increase of approximately 20.86% as compared to the corresponding period last year.
- During the Period, sales of copper cables and related products amounted to RMB175,554,387.54, representing an increase of approximately 16.59% as compared to the corresponding period last year. Sales of optical fibres by Chengdu SEI Optical Fiber Co., Ltd., a principal subsidiary of the Company, amounted to RMB86,558,493.38, representing a decrease of approximately 3.25% as compared to the corresponding period last year. Sales of heat shrinkable joining sleeves and other products by Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant amounted to RMB12,871,911.24, representing a decrease of approximately 41.07% as compared to the corresponding period last year. Sales of optical fibres and optical cables by Putian Fasten Cable Telecommunication Co., Ltd. amounted to RMB334,579,921.89, representing an increase of approximately 47.27% as compared to the corresponding period last year.
- During the Period, loss attributable to the shareholders was RMB13,221,741.67, as compared to a loss of RMB23,323,054.56 recorded for the corresponding period last year. Loss attributable to minority shareholders was RMB3,569,357.01, as compared to a loss of RMB3,036,707.62 for the corresponding period last year.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015.

* For identification purposes only

The board of directors (the “Board”) and the directors (“Directors”) of Chengdu PUTIAN Telecommunications Cable Company Limited* (the “Company”) announced the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2015 (the “Period”) are set out as follows:

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE CO., LTD.

Consolidated balance sheet as at 30 June 2015 — unaudited

(Expressed in Renminbi Yuan)

Assets	<i>Note</i>	Closing balance of period	Opening balance of period
Current assets:			
Cash and bank balances		242,441,517.37	275,779,836.62
Settlement funds			
Loans to other banks			
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable	<i>III. 1</i>	102,469,271.13	111,630,904.90
Accounts receivable	<i>III. 2</i>	475,846,753.52	373,667,184.47
Advances paid		8,033,508.24	8,549,776.94
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Interest receivable			27,500.02
Dividend receivable			
Other receivables		97,528,191.90	76,598,766.96
Reverse-REPO financial assets			
Inventories		249,972,973.51	279,396,403.66
Assets classified as held-for-sale			
Non-current assets due within one year			
Other current assets		19,923,224.67	84,224,251.43
Total current assets		<u>1,196,215,440.34</u>	<u>1,209,874,625.00</u>

Assets	<i>Note</i>	Closing balance of period	Opening balance of period
Non-current assets:			
Loans and advances paid			
Available-for-sale financial assets		7,342,608.00	4,377,324.00
Held-to-maturity investments			
Long-term receivable			
Long-term equity investments		5,257,224.00	5,120,751.36
Investment property		21,066,129.31	20,239,848.89
Fixed assets		527,597,646.59	540,555,958.91
Construction in progress		14,535,167.56	32,090,307.12
Construction materials			
Fixed assets disposal			
Biological assets			
Oil & gas assets			
Intangible assets		114,961,767.31	116,376,585.40
Development expenditures			
Goodwill		21,985,780.47	21,985,780.47
Long-term prepayments		18,000,200.15	15,681,483.88
Deferred tax assets		21,109,135.49	21,146,398.40
Other non-current assets			
		-----	-----
Total non-current assets		751,855,658.88	777,574,438.43
		-----	-----
Total assets		1,948,071,099.22	1,987,449,063.43
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CHENGDU PUTIAN TELECOMMUNICATIONS CABLE CO., LTD.
Consolidated balance sheet as at 30 June 2015 — unaudited (continued)

(Expressed in Renminbi Yuan)

Liabilities & Equity	<i>Note</i>	Closing balance of period	Opening balance of period
Current liabilities:			
Short-term borrowings		212,884,061.06	200,000,000.00
Central bank loans			
Absorbing deposit and interbank deposit			
Loans from other banks			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable		40,476,813.59	10,000,000.00
Accounts payable	<i>III. 3</i>	199,883,650.10	264,997,179.71
Advances received		10,400,484.05	4,112,041.62
Proceeds from sale of repurchase financial assets			
Handling fee and commission payable			
Employee benefits payable		21,048,918.66	25,686,502.45
Taxes and rates payable		3,940,029.42	5,541,404.04
Interest payable			
Dividend payable			
Other payables		61,808,552.90	63,524,519.49
Reinsurance accounts payable			
Provision for insurance contracts			
Deposit for agency security transaction			
Deposit for agency security underwriting			
Liabilities classified as held-for-sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		<u>550,442,509.78</u>	<u>573,861,647.31</u>
Non-current liabilities:			
Long-term borrowings		7,417,765.94	8,050,174.78
Bonds payable			
Including: Preference Shares			
Perpetual bonds			
Long-term payables			
Long-term employee benefits payable			
Special payables			
Provisions			
Deferred income		72,835,622.48	73,925,562.68
Deferred tax liabilities		10,728,739.88	10,694,610.24
Other non-current liabilities			
Total non-current liabilities		<u>90,982,128.30</u>	<u>92,670,347.70</u>
Total liabilities		<u>641,424,638.08</u>	<u>666,531,995.01</u>

Liabilities & Equity	<i>Note</i>	Closing balance of period	Opening balance of period
Equity:			
Share capital/Paid-in capital		400,000,000.00	400,000,000.00
Other equity			
Including: Preference Shares			
Perpetual bonds			
Capital reserve		651,355,565.01	651,355,565.01
Less: treasury shares			
Other comprehensive income		5,636,703.34	3,116,211.94
Special reserve			
Surplus reserve		8,726,923.61	8,726,923.61
General risk reserve			
Undistributed profit		-108,664,415.58	-95,442,673.91
Total equity attributable to the parent company		957,054,776.38	967,756,026.65
Non-controlling interest		349,591,684.76	353,161,041.77
		<u>1,306,646,461.14</u>	<u>1,320,917,068.42</u>
Total equity		1,306,646,461.14	1,320,917,068.42
Total liabilities & equity		1,948,071,099.22	1,987,449,063.43

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE CO., LTD.

Consolidated income statement for the six months ended 30 June 2015 — unaudited

(Expressed in Renminbi Yuan)

Items	Note	Current period	Prior period
I. Total operating revenue		584,562,784.95	483,674,463.20
Including: operating revenue	III. 4	584,562,784.95	483,674,463.20
Interest proceeds			
Premium earned			
Revenue from handling charges and commission			
II. Total operating cost		605,315,177.47	515,599,493.06
Including: operating cost	III. 4	527,706,576.41	444,938,335.82
Interest expenses			
Handling charges and commission expenditures			
Surrender value			
Net payment of insurance claims			
Net provision of insurance reserve			
Premium bonus expenditures			
Reinsurance expenses			
Taxes & surcharge for operations	III. 5	2,761,428.12	2,260,700.37
Selling expenses		23,107,159.71	17,716,771.65
Administrative expenses		48,111,841.73	46,692,046.23
Financial expense	III. 6	3,026,206.93	4,697,235.05
Assets impairment loss		601,964.57	-705,596.06
Add: gains on changes of fair value (loss, expressed in negative figure)			
Investment income (loss, expressed in negative figure)		246,472.62	3,391,092.69
Including: investment income from associates and joint ventures		136,472.64	54,426.02
Gains on foreign exchange (loss, expressed in negative figure)			
III. Operating profit (loss, expressed in negative figure)		-20,505,919.90	-28,533,937.17
Add: Non-operating revenue		3,678,026.99	2,537,942.78
Including: Gains on disposal of non-current assets		40,098.89	151,434.01
Less: Non-operating expenditures		1,581.88	138,328.78
Including: losses on disposal of fixed assets		238.46	123,621.95
IV Total profit (total loss, expressed in negative figure)		-16,829,474.79	-26,134,323.17
Less: income tax expense	III. 7	-38,376.11	225,439.01

Items	Note	Current period	Prior period
V. Net profit (loss, expressed in negative figure)		-16,791,098.68	-26,359,762.18
Net profit attributable to owners of parent company		-13,221,741.67	-23,323,054.56
Non-controlling interest income		-3,569,357.01	-3,036,707.62
VI. Other comprehensive income after tax	<i>III. 8</i>	2,520,491.40	-608,368.80
Net other comprehensive income after tax attributable to owners of the parent company		2,520,491.40	-608,368.80
(I) Not reclassified subsequently to profit or loss			
Including: 1. Changes in remeasurement on the net defined benefit liability/asset			
2. Items attributable to investees under equity method that will not reclassified to profit or loss			
(II) To be reclassified subsequently to profit or loss		2,520,491.40	-608,368.80
Including: 1. Items attributable to investees under equity method that may be reclassified to profit or loss			
2. Profit or loss from changes in fair value of available-for-sale financial assets		2,520,491.40	-608,368.80
3. Profit or loss from reclassification of held-to-maturity investments as available-for-sale financial assets			
4. Profit or loss on cash flow hedging			
5. Translation difference of financial statements in foreign currencies			
6. Others			
Net other comprehensive income after tax attributable to non-controlling interest			

Items	<i>Note</i>	Current period	Prior period
VII. Total comprehensive income		-14,270,607.28	-26,968,130.98
Including: Items attributable to owners of parent company		-10,701,250.27	-23,931,423.36
Items attributable to non- controlling interest		-3,569,357.01	-3,036,707.62
VIII. Earnings per share (“EPS”):	<i>III. 9</i>		
(I) Basic EPS (RMB/share)		-0.03	-0.06
(II) Diluted EPS (RMB/share)		-0.03	-0.06

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE CO., LTD.**Consolidated cash flow statement for the six months ended 30 June 2015 — unaudited***(Expressed in Renminbi Yuan)*

Items	<i>Note</i>	Current period	Prior period
I. Cash flows from operating activities:			
Cash receipts from sale of goods or rendering of services		428,392,320.12	460,482,081.12
Net increase of client deposit and interbank deposit			
Net increase of central bank loans			
Net increase of loans from other financial institutions			
Cash receipts of original insurance contract premium			
Net cash receipts from reinsurance			
Net increase of policy-holder deposit and investment			
Net increase of trading financial assets disposal			
Cash receipts from interest, handling charges and commission			
Net increase of loans from others			
Net increase of repurchase			
Receipts of tax refund			
Other cash receipts related to operating activities		15,504,586.39	24,514,297.30
Subtotal of cash inflows from operating activities		443,896,906.51	484,996,378.42
Cash payments for goods purchased and services received		397,442,025.57	431,541,601.48
Net increase of loans and advances to clients			
Net increase of central bank deposit and interbank deposit			
Cash payment of insurance indemnities of original insurance contracts			
Cash payment of interest, handling charges and commission			
Cash payment of policy bonus			
Cash paid to and on behalf of employees		62,814,265.18	52,701,762.45
Cash payments of taxes and rates		17,263,529.03	21,393,153.06
Other cash payments related to operating activities		38,048,676.55	51,793,624.00
Subtotal cash outflows from operating activities		515,568,496.33	557,430,140.99
Net cash flows from operating activities		-71,671,589.82	-72,433,762.57

Items	Note	Current period	Prior period
II. Cash flows from investing activities:			
Cash received from return of investments			3,189,999.99
Cash received from return on investments			3,189,999.99
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		50,200.00	268,220.00
Net cash received from the disposal of subsidiaries & other business units			
Other cash receipts related to investing activities		50,000,000.00	
Subtotal of cash inflows from investing activities		50,050,200.00	3,458,219.99
Cash paid for acquiring fixed assets, intangible assets and other long-term assets		5,603,604.67	24,304,929.71
Cash paid for acquiring investments			
Net increase of pledged loans			
Net cash paid for acquiring subsidiaries & other business units			
Other cash payments related to investing activities			50,000,000.00
Subtotal of cash outflows from investing activities		5,603,604.67	74,304,929.71
Net cash flows from investing activities		44,446,595.33	-70,846,709.72
III. Cash flows from financing activities:			
Cash received from investment by others			
Including: cash received by subsidiaries from non-controlling owners			
Cash received from borrowings		80,000,000.00	160,000,000.00
Cash received from issuing of bonds			
Other cash receipts related to financing activities			
Subtotal of cash inflows from financing activities		80,000,000.00	160,000,000.00
Cash repayments of borrowings		80,000,000.00	164,000,000.00
Cash paid for distribution of dividends or profits and for interest expenses		6,113,381.16	7,194,173.74
Including: cash paid for distribution of dividends or profits by subsidiaries to minority owners			
Other cash payments related to financing activities			
Subtotal of cash outflows from financing activities		86,113,381.16	171,194,173.74
Net cash flows from financing activities		-6,113,381.16	-11,194,173.74
IV. Effect of foreign exchange rate changes on cash & cash equivalents			
		56.40	
V. Net increase in cash and cash equivalents			
Add: Opening balance of cash and cash equivalents		275,779,836.62	379,793,686.19
VI. Closing balance of cash and cash equivalents			
		242,441,517.37	225,319,040.16

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE CO., LTD.
Consolidated statement of changes in equity for the six months ended 30 June 2015
— unaudited

(Expressed in Renminbi Yuan)

Items	Current period												Non-controlling interest	Total equity
	Equity attributable to parent company													
	Paid-in capital (share capital)	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Other		
Preference shares		Perpetual bonds	Others											
I. Balance at the end of prior year	400,000,000.00				651,355,565.01		3,116,211.94		8,726,923.61		-95,442,673.91		353,161,041.77	1,320,917,068.42
Add: cumulative changes of accounting policies														
Error correction of prior period														
Business combination under common control														
Others														
II. Balance at the beginning of current year	400,000,000.00				651,355,565.01		3,116,211.94		8,726,923.61		-95,442,673.91		353,161,041.77	1,320,917,068.42
III. Current period increase (decrease, expressed in negative figure)							2,520,491.40				-13,221,741.67		-3,569,357.01	-14,270,607.28
(I) Total comprehensive income							2,520,491.40				-13,221,741.67		-3,569,357.01	-14,270,607.28
(II) Capital contributed or withdrew by owners														
1. Ordinary shares contributed by shareholder														
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 (shareholders)														
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. 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				651,355,565.01		5,636,703.34		8,726,923.61		-108,664,415.58		349,591,684.76	1,306,646,461.14

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE CO., LTD.
Consolidated statement of changes in equity for the six months ended 30 June 2015
— unaudited (continued)

(Expressed in Renminbi Yuan)

Items	Prior period													Non-controlling interest	Total equity
	Equity attributable to parent company											Other			
	Paid-in capital (share capital)	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit				
I. Balance at the end of prior year	400,000,000.00				651,355,565.01		8,275,550.91		8,726,923.61		-65,938,245.27		392,030,516.53	1,394,450,310.79	
Add: cumulative changes of accounting policies															
Error correction of prior period															
Business combination under common control															
Others															
II. Balance at the beginning of current year	400,000,000.00				651,355,565.01		8,275,550.91		8,726,923.61		-65,938,245.27		392,030,516.53	1,394,450,310.79	
III. Current period increase (decrease, expressed in negative figure)							-608,368.80				-23,323,054.56		-3,036,707.62	-26,968,130.98	
(I) Total comprehensive income							-608,368.80				-23,323,054.56		-3,036,707.62	-26,968,130.98	
(II) Capital contributed or withdrew by owners															
1. Ordinary shares contributed by shareholder															
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 (shareholders)															
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. 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				651,355,565.01		7,667,182.11		8,726,923.61		-89,261,299.83		388,993,808.91	1,367,482,179.81	

NOTES

I. COMPANY PROFILE

Chengdu PUTIAN Telecommunications Cable Company Limited (the “Company”) was incorporated and registered with the Chengdu Administration Bureau of Industry and Commerce on 1 October 1994 after its restructuring from Chengdu Cable Plant of the Posts and Telecommunications Ministry of China (now known as “China PUTIAN Corporation”), as independent promoter, under the approval of the relevant department of the State Council. The Company is headquartered in Chengdu, Sichuan Province, and holds the Business License of Enterprise Legal Person numbered 510100400020197. The registered capital of the Company is RMB400,000,000 of which: equity interest of China PUTIAN Corporation amounts to RMB240,000,000, representing 60% of the total shares; equity interest of public holders of ordinary shares (H Shares) listed in Hong Kong amounts to RMB160,000,000, representing 40% of the total shares. There are a total of 400,000,000.00 shares in issue with the nominal value of RMB1 each. The shares have been listed in Hong Kong Stock Exchange on 13 December 1994.

The Company belongs to the manufacturing industry with scope of business covering electric wire and cable, fiber optic cable, cable special materials, irradiation processing, cable accessories, special equipment, equipment and different kinds of information industrial products (except categories restricted or prohibited by the State), devices and equipment technology research and development, product manufacturing, sales and service, and the import and export and wholesale, retail, commission agent (except by auction) of similar commodities as the above products; domestically purchased products (except specified goods) wholesale, retail, commission agent (except by auction), technical consulting and technical service.

These financial statements has been deliberated and approved by the 16th meeting of the seventh session of the Board of Directors on 21 August 2015.

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 transactions and items occurred, in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of China (the Ministry of Finance Decree No.33, the amended Decree No.76), Specific accounting standards of 41 items which are issued and amended after 15 Feb, 2006, Guidelines for application of enterprise accounting standards, Interpretation of enterprise accounting standards and other relevant regulations (The “Accounting Standards”).

In accordance with the China Accounting Standards, the Company’s accounting is on an accrual basis. This financial report is based on historical cost, except some financial instruments. If there is an indication of impairment, the Company would make provision for impairment loss of the asset, according to the relevant regulations.

(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. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

1. Notes receivable

(1) Details

Items	Closing balance	Opening balance
Bank acceptance	101,660,628.59	99,977,405.05
Trade acceptance	808,642.54	11,653,499.85
Total	<u>102,469,271.13</u>	<u>111,630,904.90</u>

(2) Closing balance of pledged notes receivable

Items	Closing balance of pledged notes
Bank acceptance	150,000.00
Subtotal	<u>150,000.00</u>

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

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance	87,810,672.78	
Trade acceptance	1,406,258.92	
Subtotal	<u>89,216,931.70</u>	

(4) Notes receivable transferred to accounts receivable due to failure in repayment by issuers

Items	Closing balance transferred to accounts receivable
Trade acceptance	8,060,450.40
Subtotal	<u>8,060,450.40</u>

2. Accounts receivable

(1) Details

(1) Details of different categories of accounts receivable

Categories	Book balance		Closing balance Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis					
Receivables with provision made on a collective basis using portfolios with similar credit risk features	508,180,074.51	96.49	32,333,320.99	6.36	475,846,753.52
Receivable of individually insignificant amount but with provision made on an individual basis	18,499,628.06	3.51	18,499,628.06	100.00	
Total	<u>526,679,702.57</u>	<u>100.00</u>	<u>50,832,949.05</u>	<u>9.65</u>	<u>475,846,753.52</u>
			Opening balance Provision for bad debts		
Categories	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis	6,019,363.00	1.42	1,504,840.75	25.00	4,514,522.25
Receivables with provision made on a collective basis using portfolios with similar credit risk features	398,652,382.23	93.95	29,499,720.01	7.40	369,152,662.22
Receivable of individually insignificant amount but with provision made on an individual basis	19,660,186.83	4.63	19,660,186.83	100.00	
Total	<u>424,331,932.06</u>	<u>100.00</u>	<u>50,664,747.59</u>	<u>11.94</u>	<u>373,667,184.47</u>

(2) *In portfolios, accounts receivable with provision made on a collective basis with age analysis method*

Ages	Closing balance		Provision proportion (%)
	Book balance	Provision for bad debts	
Within 1 year	447,999,116.30		
1–2 years	23,975,439.16	2,397,543.92	10.00
2–3 years	6,581,310.28	1,974,393.08	30.00
3–5 years	8,314,123.90	6,651,299.12	80.00
Over 5 years	21,310,084.87	21,310,084.87	100.00
Subtotal	<u>508,180,074.51</u>	<u>32,333,320.99</u>	<u>6.36</u>

Ages	Opening balance		Provision proportion (%)
	Book balance	Provision for bad debts	
Within 1 year	344,336,573.69		
1–2 years	24,506,440.28	2,450,644.01	10.00
2–3 years	2,336,400.20	700,920.05	30.00
3–5 years	5,624,060.53	4,499,248.42	80.00
Over 5 years	21,848,907.53	21,848,907.53	100.00
Subtotal	<u>398,652,382.23</u>	<u>29,499,720.01</u>	<u>7.40</u>

(2) *Age analysis*

Ages	Closing balance		Provision proportion (%)
	Book balance	Provision for bad debts	
Within 1 year	447,999,116.30		
1–2 years	23,975,439.16	2,397,543.92	10.00
2–3 years	6,581,310.28	1,974,393.08	30.00
3–5 years	8,314,123.90	6,651,299.12	80.00
Over 5 years	39,809,712.93	39,809,712.93	100.00
Total	<u>526,679,702.57</u>	<u>50,832,949.05</u>	<u>9.65</u>

Ages	Opening balance		Provision proportion (%)
	Book balance	Provision for bad debts	
Within 1 year	344,336,573.69		
1–2 years	24,506,440.28	2,450,644.01	10.00
2–3 years	8,355,763.20	2,205,760.80	26.40
3–5 years	7,218,994.50	6,094,182.39	84.42
Over 5 years	39,914,160.39	39,914,160.39	100.00
Total	<u>424,331,932.06</u>	<u>50,664,747.59</u>	<u>11.94</u>

The credit terms granted to customers are generally 1 to 12 months. Accounts receivable that past due are reviewed by Management on a regular basis.

(3) *Provisions for bad debts made, collected or reversed in current period*

Provision for bad debts made in current period totaled RMB 168,201.46. There is no provision written off in previous period but recovered in the current period or provision reserved due to recover of present value of estimated future cash flows.

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

Debtors	Book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
China Potevio Company Limited	78,302,814.19	14.87	
Shenzhen ZTE Kangxun Telecom Company Limited	33,124,105.10	6.29	
Guangxi Radio and Television Network Company Limited	18,603,793.77	3.53	
Shandong Radio and Television Network Company	16,960,381.00	3.22	
Fujian Radio and Television Network Company Limited	14,746,484.70	2.80	
Subtotal	<u>161,737,578.76</u>	<u>30.71</u>	

3. **Accounts payable**

(1) *Details*

Items	Closing balance	Opening balance
Borrowings	184,846,374.88	253,203,068.60
Payment for project and equipment	9,288,957.70	10,477,609.56
Others	5,748,317.52	1,316,501.55
Total	<u>199,883,650.10</u>	<u>264,997,179.71</u>

(2) *Age analysis*

Ages	Closing balance	Opening balance
Within 1 year	178,818,602.33	252,211,370.56
1–2 years	8,550,493.20	7,941,322.22
2–3 years	7,941,322.22	772,611.37
Over 3 years	4,573,232.35	4,071,875.56
Total	<u>199,883,650.10</u>	<u>264,997,179.71</u>

The credit terms granted by suppliers are generally 1 to 12 months.

4. Operating revenue/cost

Items	Current period		Prior period	
	Income	Cost	Income	Cost
Revenue from main operations	574,834,786.04	522,043,523.66	474,142,704.59	434,829,185.04
Revenue from other operations	9,727,998.91	5,663,052.75	9,531,758.61	10,109,150.78
Total	<u>584,562,784.95</u>	<u>527,706,576.41</u>	<u>483,674,463.20</u>	<u>444,938,335.82</u>

5. Taxes and surcharge for operations

Items	Current period	Prior period
Business tax	328,436.35	516,799.08
Urban maintenance and construction tax	818,223.30	1,028,124.61
Education surcharge	350,667.13	611,333.16
Local education surcharges	233,778.09	57,681.09
Housing Property tax	1,019,893.41	
Price regulation fund	10,429.84	46,762.43
Total	<u>2,761,428.12</u>	<u>2,260,700.37</u>

6. Financial expenses

Items	Current period	Prior period
Interest expenditures	6,140,803.30	7,494,173.74
Including: Interest on bank borrowing, overdraft and other borrowings wholly repayable within five years	6,140,803.30	7,494,173.74
Less: Interest income	4,453,539.37	3,648,244.54
Exchange loss	449,465.06	521,197.15
Less: Exchange gain		
Handling charges	889,477.94	330,108.70
Total	<u>3,026,206.93</u>	<u>4,697,235.05</u>

7. Income tax expenses

Items	Current period	Prior period
Current period income tax expenses	335,023.94	638,902.85
Deferred income tax expenses	-373,400.05	-413,463.84
Total	<u>-38,376.11</u>	<u>225,439.01</u>

8. Other comprehensive income (OCI)

Items	Current period		Less: OCI carried forward transferred to profit or loss
	Opening balance	Current period cumulative before income tax	
Items not to be reclassified subsequently to profit or loss			
Including: Changes in remeasurement on the net defined benefit liability/asset			
Items attributable to investees under equity method not to be reclassified to profit or loss			
Items to be reclassified subsequently to profit or loss	3,116,211.94	2,520,491.40	
Including: Items attributable to investees under equity method to be reclassified to profit or loss			
Gains/losses on changes in fair value of available-for-sale financial assets	3,116,211.94	2,520,491.40	
Gains/losses on held-to-maturity investments reclassified to available-for-sale financial assets			
Gains/losses on cash flow hedging			
Translation difference of financial statements in foreign currencies			
Total	3,116,211.94	2,520,491.40	

Items	Current period		Attributable to non-controlling interest	Closing balance
	Less: income tax	Attributable to parent company		
Items not to be reclassified subsequently to profit or loss				
Including: Changes in remeasurement on the net defined benefit liability/asset				
Items attributable to investees under equity method not to be reclassified to profit or loss				
Items to be reclassified subsequently to profit or loss		2,520,491.40		5,636,703.34
Including: Items attributable to investees under equity method to be reclassified to profit or loss				
Gains/losses on changes in fair value of available-for-sale financial assets		2,520,491.40		5,636,703.34
Gains/losses on held-to-maturity investments reclassified to available-for-sale financial assets				
Gains/losses on cash flow hedging				
Translation difference of financial statements in foreign currencies				
Total		2,520,491.40		5,636,703.34

9. Calculation process of basic EPS and diluted EPS

(1) Calculation process of basic EPS

Items	Symbols	Current period	Prior period
Net profit attributable to shareholders of ordinary shares	A	-13,221,741.67	-23,323,054.56
Non-recurring profit or loss	B	3,513,425.03	3,010,888.91
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	-16,735,166.70	-26,333,943.47
Opening balance of total shares	D	400,000,000.00	400,000,000.00
Number of shares increased due to conversion of reserve to share capital or share dividend appropriation	E		
Number of shares increased due to offering of new shares or conversion of debts into shares	F		
Number of months counting from the next month when the share was increased to the end of the reporting period	G		
Number of shares decreased due to share repurchase	H		
Number of months counting from the next month when the share was decreased to the end of the reporting period	I		
Number of shares decreased in the reporting period	J		
Number of months in the reporting period	K	6.00	6.00
Weighted average of outstanding ordinary shares	$L=D+E+F \times G / K-H \times I / K-J$	400,000,000.00	400,000,000.00
Basic EPS	$M=A/L$	-0.03	-0.06
Basic EPS after deducting non-recurring profit or loss	$N=C/L$	-0.04	-0.07

(2) Calculation process of diluted EPS

The calculation process of diluted EPS is the same with that of basic EPS.

IV. INTEREST IN OTHER ENTITIES

(I) Interest in significant subsidiaries

1. Significant subsidiaries

(1) Basis information

Subsidiaries	Main operating place	Place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
Jiangsu Fasten Photonics Co., Ltd.	Jiangyin City	Jiangyin City	Manufacture		45.00	Business combination not under common control
Jiangsu Fasten Optical Cable Co., Ltd.	Jiangyin City	Jiangyin City	Manufacture		45.00	Business combination not under common control
Houma Potevio Fasten Cable Communications Co., Ltd.	Houma City	Houma City	Manufacture		45.00	Business combination not under common control
Putian Fasten Cable Telecommunication Co. Ltd.	Jiangyin City	Jiangyin City	Manufacture	45.00		Business combination not under common control
Chengdu Zhongling Radio Communications Co., Ltd.	Chengdu City	Chengdu City	Manufacture	90.00	6.67	Business combination not under common control
Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant	Chengdu City	Chengdu City	Manufacture	66.67		Business combination not under common control
Chengdu SEI Optical Fiber Co., Ltd.	Chengdu City	Chengdu City	Manufacture	60.00		Business combination not under common control

(2) *Other remarks*

- (1) Basis for the control of an investee while holding its half or less than half voting rights, and the non-control of an investee while holding its more than half voting rights

As the Company holds 45% equity of Putian Fasten Cable Telecommunication Co. Ltd., holds majority of voting right in the Board of Directors, and could control its financial and operation decision, and have a privileged variable return, the Company brought the financial statements of Putian Fasten Cable Telecommunication Co. Ltd. into the consolidation scope.

- (2) Basis for determining an entity being acting as an agent or a principal

The determination of whether the Company is an agent or a principal requires comprehensive consideration of the relationship among the decision-maker, invested party and other parties, including the following four major factors:

- a. Scope of decision-making of the decision-maker in the invested party.
- b. Substantive rights of other parties.
- c. Remuneration level of the decision-maker.
- d. Risk of variable returns of the decision-maker due to other interests held in the invested party.

2. *Significant not wholly-owned subsidiaries*

Subsidiaries	Holding proportion of non-controlling interest	Profit or loss attributable to non-controlling interest	Dividend declared to non-controlling interest	Closing balance of non-controlling interest
Chengdu Zhongling Radio Communications Co., Ltd.	3.33%	-32,366.02		1,992,251.24
Chengdu Telecom Cable Shuangliu HeatShrinkage Product Plant	33.33%	-960,854.80		18,295,945.29
Chengdu SEI Optical Fiber Co., Ltd.	40.00%	881,297.01		65,854,558.55
Putian Fasten Cable Telecommunication Co. Ltd.	55.00%	-3,234,498.62		263,671,864.26

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

(1) Assets and liabilities

(Expressed in RMB10,000.00)

Subsidiaries	Current assets	Non-current assets	Closing balance			Total liabilities
			Total assets	Current liabilities	Non-current liabilities	
Chengdu Zhongling Radio Communications Co., Ltd.	5,780.24	1,220.94	7,001.18	1,018.44		1,018.44
Chengdu Telecom Cable Shuangliu HeatShrinkage Product Plant	4,852.32	11,133.72	15,986.04	3,289.64	7,207.06	10,496.71
Chengdu SEI Optical Fiber Co., Ltd.	17,148.26	3,674.80	20,823.06	4,359.42		4,359.42
Putian Fasten Cable Telecommunication Co. Ltd.	54,400.55	33,393.59	87,794.14	38,803.90	1,049.90	39,853.80

Subsidiaries	Current assets	Non-current assets	Opening balance			Total liabilities
			Total assets	Current liabilities	Non-current liabilities	
Chengdu Zhongling Radio Communications Co., Ltd.	6,122.51	1,297.52	7,420.03	1,340.10		1,340.10
Chengdu Telecom Cable Shuangliu HeatShrinkage Product Plant	5,405.13	11,390.84	16,795.97	3,625.80	7,392.56	11,018.35
Chengdu SEI Optical Fiber Co., Ltd.	21,528.46	3,874.08	25,402.53	9,159.22		9,159.22
Putian Fasten Cable Telecommunication Co. Ltd.	50,395.26	34,804.86	85,200.12	35,657.22	1,014.47	36,671.69

(2) Profit or loss and cash flows

(Expressed in RMB10,000.00)

Subsidiaries	Operating revenue	Net profit	Current period	
			Total comprehensive income	Cash flows from operating activities
Chengdu Zhongling Radio Communications Co., Ltd.	1,489.79	-97.20	-97.20	-784.01
Chengdu Telecom Cable Shuangliu HeatShrinkage Product Plant	1,287.19	-288.29	-288.29	-310.63
Chengdu SEI Optical Fiber Co., Ltd.	8,655.85	220.32	220.32	-806.17
Putian Fasten Cable Telecommunication Co. Ltd.	33,457.99	-588.09	-588.09	-3,976.44

Subsidiaries	Operating revenue	Prior period		Cash flows from operating activities
		Net profit	Total comprehensive income	
Chengdu Zhongling Radio Communications Co., Ltd.	2,795.12	-65.53	-65.53	-874.35
Chengdu Telecom Cable Shuangliu Heat Shrinkage Product Plant	2,184.38	-40.10	-40.10	-12.37
Chengdu SEI Optical Fiber Co., Ltd.	8,946.73	53.96	53.96	282.48
Putian Fasten Cable Telecommunication Co. Ltd.	22,719.30	-807.99	-807.99	-3,408.20

(II) Interest in joint venture or associates

1. Significant joint ventures or associates

Joint ventures or associates	Main operating place	Place of registration	Business nature	Holding proportion (%)		Accounting treatment
				Direct	Indirect	
Chengdu Yuexin Telecommunications Materials Co., Ltd.	Chengdu City	Chengdu City	Manufacture	35.00		Equity method
Chengdu Bada Connector Co., Ltd.	Chengdu City	Chengdu City	Manufacture	49.00		Equity method

2. Main financial information of significant associates

Items	Closing balance/current period		Opening balance/prior period	
	Chengdu Yuexin Telecommunications Materials Co., Ltd.	Chengdu Bada Connector Co., Ltd.	Chengdu Yuexin Telecommunications Materials Co., Ltd.	Chengdu Bada Connector Co., Ltd.
Current assets	8,909,177.55	73,297,386.00	265.00	68,046,600.11
Non-current assets	2,757,771.65	3,330,012.38	2,815,626.64	3,587,424.71
Total assets	11,666,949.20	76,627,398.38	2,815,891.64	71,634,024.82
Current liabilities	8,739,873.18	68,126,387.29	113,120.82	63,373,329.26
Non-current liabilities				
Total liabilities	8,739,873.18	68,126,387.29	113,120.82	63,373,329.26
Non-controlling interest		87,150.21		82,400.20
Equity attributable to owners				
of parent company	2,927,076.02	8,413,860.88	2,702,770.82	8,178,295.36
Proportionate share in net assets	1,024,476.61	4,122,791.83	945,969.79	4,007,364.70
Adjustments				
Goodwill				
Unrealized profit in internal trading				
Others	109,955.56		167,416.87	
Carrying amount of investments in associates	1,134,432.17	4,122,791.83	1,113,386.66	4,007,364.70
Fair value of equity investments in associates in association with quoted price				
Operating revenue	16,980,993.16	66,907,325.86		55,083,849.52
Net profit	60,130.02	240,315.59		139,143.68
Net profit of discontinued operations				
Other comprehensive income				
Total comprehensive income	60,130.02	240,315.59		139,143.68
Dividend from associates received in current period				

V. OTHER SIGNIFICANT EVENTS

(I) Segment information

1. Identification basis and accounting policies 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. An operating segment is a component of the Company that:

- (1) engages in business activities from which it may earn revenues and incur expenses;
- (2) whose financial performance are regularly reviewed by Management to make decisions about resource to be allocated to the segment and assess its performance; and
- (3) for which financial information regarding financial position, financial performance and cash flows is available.

The Company identified reportable segments based on products. Assets, businesses and customers of the Company are substantially located in China, economic condition of which is considered to have similar risks and returns. Therefore, no analysis of this geographical segment is presented.

2. Financial information of reportable segments

Items	Current period					Total
	Copper cables and related products segment	Optical cable and related products segment	Cable joint and related products	Inter-segment offsetting		
Revenue from main operations	162,793,927.13	419,128,451.51	10,506,078.31	-17,593,670.91	574,834,786.04	
Cost of main operations	160,966,179.07	371,777,369.00	9,569,975.29	-20,269,999.70	522,043,523.66	
Total assets	1,127,098,114.08	1,086,172,018.71	159,860,386.87	-425,059,420.44	1,948,071,099.22	
Total liabilities	129,118,456.95	442,132,232.77	104,967,061.68	-34,793,113.32	641,424,638.08	
Items	Prior period					Total
	Copper cables and related products segment	Optical cable and related products segment	Cable joint and related products	Inter-segment offsetting		
Revenue from main operations	139,247,893.05	316,332,147.33	19,103,427.54	-540,763.33	474,142,704.59	
Cost of main operations	133,360,332.44	290,605,906.05	15,425,503.14	-4,562,556.59	434,829,185.04	
Total assets	1,122,379,480.68	1,105,742,138.83	173,068,913.69	-414,979,433.93	1,986,211,099.27	
Total liabilities	102,993,459.95	426,306,264.11	114,142,322.21	-24,713,126.81	618,728,919.46	

(II) Other financial information

Items	Closing balance		Opening balance	
	Consolidated	Parent company	Consolidated	Parent company
Net current assets	645,772,930.56	298,673,282.11	636,012,977.69	299,676,441.41
Total assets less current liabilities	1,397,628,589.44	946,564,770.93	1,413,587,416.12	953,844,218.20

MANAGEMENT DISCUSSION AND ANALYSIS

(I) Results analysis

During the Period, the Group was principally engaged in the manufacturing and sale of various types of telecommunication cables, optical fibres and cable joining sleeves.

During the Period, the Group recorded a turnover of RMB584,562,784.95, representing an increase of approximately 20.86% as compared to the corresponding period last year.

During the Period, sales of copper cables and related products amounted to RMB175,554,387.54, representing an increase of approximately 16.59% as compared to the corresponding period last year. Sales of optical fibres by Chengdu SEI Optical Fiber Co., Ltd., a principal subsidiary of the Company, amounted to RMB86,558,493.38, representing a decrease of approximately 3.25% as compared to the corresponding period last year. Sales of heat shrinkable joining sleeves and other products by Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant amounted to RMB12,871,911.24, representing a decline of approximately 41.07% as compared to the corresponding period last year. Sales of optical fibres and optical cables by Putian Fasten Cable Telecommunication Co., Ltd. amounted to RMB334,579,921.89, representing an increase of approximately 47.27% as compared to the corresponding period last year.

Profits from principal businesses was mainly attributable to the increase in gross profit resulting from the increase in sales volume of optical fibers and optical cables which are the Company's key projects.

(II) Review of principal operations

To improve the performance of the Group, the Board has proactively adjusted the production and operation strategies in response to the internal and external environments of the Group and the market demand. The major business activities of the Group during the Period are summarized as follows:

1. *Accelerating business transformation to facilitate organizational reform*

The Company further adjusted the organizational structure by increasing the department levels from 2 to 3 while reducing the number of departments from 15 to 13. Responsibilities of each department were also adjusted and consolidated by revising the duties of middle management and formulating management and working standards for different departments according to their responsibilities.

The Company restructured its business segments to efficiently allocate quality resources for developing its major businesses. With the establishment of energy transmission cable business segment, energy transmission cable has become its major operation with sufficient market scale and sustainable development. The establishment of Cheungdu Putian Business Development Center revitalized its idle resources for business development and transformed relevant departments from cost-ineffective to profitable.

2. *Implementing risk control requirements for stronger overall risk management*

The Company integrated its development and production progress to further improve its risk management mechanism and risk management capacity for sustainable and healthy development. Accuracy and effectiveness of risk valuation and control were further enhanced. The Company also strengthened the procurement control of its key departments by implementing the public bidding and tender system. The Company also made amendments and revisions to its rules and regulations in respect of applicable laws and overall risk management. Stringent efforts were also made to review contracts. Effective control of legal risks of business contracts was ensured through comprehensive contract review by legal personnel.

3. *Promoting economic development with solid management foundation*

In terms of budget management, the Company conducted its existing businesses in strict accordance with the budget and ensured all expenses incurred were under budget. With efficient review of reimbursement, all claims must be approved by the management of the Company. The Company also made adjustment to its budget and further reviewed the KPI index.

In terms of technological management, preparation for the qualification report of the Company as a high and new technology enterprise has been in progress. Currently, basic data collection has been completed and collation of technological data is underway.

In terms of quality management, the Company completed internal review and passed the re-evaluation by China Quality Certification Center in respect of corporate environment and occupational health and safety management system for monitoring the quality of label products.

In terms of safety production management, the Company has made effective control with zero incident in respect of environmental safety, occupational health and safety, fire safety and security. The Company has strived to meet the three levels of production safety standardization and are currently pending for third-party inspection and examination.

(III) Financial analysis

As at 30 June 2015, the Group's total assets amounted to RMB1,948,071,099.22, representing a decrease of 1.98% from RMB1,987,449,063.43 as at the end of last year, of which the total non-current assets amounted to RMB751,855,658.88, accounting for 38.59% of the total assets and representing a decrease of 3.31% from RMB777,574,438.43 as at the end of last year. As at 30 June 2015, total current assets amounted to approximately RMB1,196,215,440.34, accounting for 61.41% of total assets and representing a decrease of 1.13% from RMB1,209,874,625.00 as at the end of last year.

The net cash outflow from operating activities of the Group during the Period amounted to RMB71,671,589.82 while the net cash outflow for the corresponding period last year was RMB72,433,762.57.

As at 30 June 2015, the Group's bank balances and cash (including deposits with encumbrance) amounted to RMB242,441,517.37, representing a decline of 12.09% from RMB275,779,836.62 as at the end of last year.

As at 30 June 2015, the Group's total liabilities amounted to RMB641,424,638.08 (as at 31 December 2014: RMB666,531,995.01). The liability-to-total asset ratio was 32.93%, representing a decline of 0.61% as compared with 33.54% as at the end of last year. Bank and other borrowings due within one year amounted to RMB212,884,061.06.

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

During the Period, the Group's distribution costs, administrative and other operating expenses and finance costs amounted to RMB23,107,159.71, RMB48,111,841.73 and RMB3,026,206.93 respectively, representing an increase of 30.43%, an increase of 3.04%, and a decline of RMB1,671,028.12 from RMB17,716,771.65, RMB46,692,046.23 and RMB4,697,235.05 respectively in the corresponding period last year.

During the Period, the average gross profit margin of the Group was 9.73%, representing an increase of 1.72% from 8.01% in the corresponding period last year.

1. Analysis of liquidity

As at 30 June 2015, the Group's current ratio and quick ratio were 2.17 and 1.72 respectively.

2. Analysis of financial resources

As at 30 June 2015, the Group's short-term bank loans and other loans amounted to RMB212,884,061.06. As the Group's bank deposits and cash amounted to RMB242,441,517.37, the Group has greater 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 was noted such as default in payment of due debts and failure of performance of due obligations.

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 2015, the Group had no contingent liabilities (31 December 2014: Nil).

(IV)Business outlook

1. *Consolidating existing business driving force with efficient allocation of quality resources to develop major businesses and accelerate business transformation for higher profitability*

Optical telecommunication business segment: the Company will expand market sales and control production cost. Proportion of new products with higher gross profit will be increased in total sales.

Copper cables business segment: the Company will efficiently allocate key resources for developing energy transmission cable development. By refining strategic planning and adjusting product positioning, the Company will deploy clearer competitive strategies for its two major products, namely electrical equipment cable and electrical cable. Besides, the Company will formulate sophisticated measures for the execution of strategic planning in respect of sales, cost management and technology with specific strategic targets.

Other business segment: the business development center will be developed by revitalizing idle lands and clearing self-use lands for centralized planning. Through identification of housing and land resources of subordinate business divisions and enterprises, leasing contracts will be signed under corresponding categories.

2. *Strengthening budget process management to guarantee fulfillment of operating responsibilities and targets*

The Company will re-evaluate the budget for the second half of the year of its subordinate enterprises, business divisions and all departments for reviewing the KPI index. Approved budget shall not be amended and is subject to regular assessments. Subordinate enterprises are required to enhance their capabilities to adopt market changes and ensure the fulfilment of objectives. The Company will also strengthen the segmentation analysis and assessment ability of its subordinate enterprises and divisions in respect of cost and expenses control. By requiring all indicators to be linked with budgets and strategic objectives, the Company will monitor the execution of its budgets with a focus to track all critical items which may affect the completion of budgets and specify divisions and persons in charge for the implementation of all items.

3. *Maximizing efficiency of sales platform, investment management platform and human resource platform*

The Company will develop corporate sales platform, carry out market resources integration and focus on resolving the core marketing issues of its development. The Company will sell all products of subordinate business divisions and subsidiaries through the corporate sales platform, and commenced the market resources integration and brand building. Furthermore, the Company will organize and evaluate the positioning of all products, devise sales strategies, establish sales channels and formulate sales plans. Through integrating and enhancing the roles and functions of

sales personnel and recruiting more sales personnel, the Company will further consolidate sales teams and develop a sales management system adaptable to the market condition. The Company will also strive to resolve the core marketing issues of its development to increase revenue and reduce losses.

In-depth structural reform will be carried out. In particular, we will monitor and manage the operating results with reference to the budget and strategic indicators on the basis of quantitative management. Human resource management will be refined and payroll system will be optimized. We will further streamline the responsibilities of each department to ensure that the responsibilities fully match up with the functions of each department, revise and optimize the management standards and working procedures of each department, and complete the preparation of the List of Department Responsibilities, Management Standards and Changes in Procedures and Standards (《部門職責、管理標準、流程及標準轉化表清單》) and the Flow Chart (《流程圖》). In respect of human resources, downsizing will be continuously carried out to bolster the efficiency and steps will be taken to streamline the positions and the relevant assessment indicator system. The Company will implement different assessment methods for different positions in order to minimize the remuneration difference of the same position and enhance the scientific procedures and effectiveness of performance assessment and incentive mechanism. The market competitiveness of employee remuneration will be strengthened to facilitate the joint development of employees and the Company. Furthermore, the Company will improve the trainings in order to enhance the professionalism of senior employees, and place great emphasis on recruitment of key members so as to build a professional team. Establishment and management of operating team will also be enhanced by continuously exploring diversified and long-term incentive mechanism and encouraging qualified companies to innovate operation and incentive mechanism.

Efforts will be made to strengthen the effective control and process management of the subsidiaries to improve operating conditions. Companies with large capital expenditures and long-term losses will be shut down in phases to reduce the deficit. Moreover, the Company will seek opportunities to foster new businesses for its development by leveraging its own capital, and optimize its business structure.

4. *Improvement of basic management*

Internal control: the Company will further reduce the proportion of “Two Funds” (i.e. the proportions of finished goods and receivables) by setting up a specialized team mainly responsible for the determination and evaluation of the actual value of “Two Funds” which may have material impact on its operation as well as the formulation of proposals on clean-up of “Two Funds”. In addition, the Company will continue to closely monitor its operating efficiency by setting up an efficiency monitoring system in business divisions. Audit works such as departure auditing and project auditing will be enhanced. Contract review will be strengthened by refining the review details and implementing the requirements of the Implementation Rules for Contract Management (《合同管理實施細則》). Litigation and overall risk management will be strengthened. The Company will also reinforce the management and control on the collective procurement of raw materials of its subsidiaries and secondary units.

Technology and quality management: the Company will complete the application procedures for high-tech enterprise qualification in September, and continue to carry out patent management in the second half of the year. The Company will amend the documents in relation to its management system according to the structural adjustment and changes in responsibilities of departments so as to further improve the corporate governance system. It will also complete the re-evaluation of its quality management system, re-evaluation of OEM digital communication cable (Category 5) and supervision and audit of cable (Category 6), and ensure the quality inspection and measurement, equipment management and other works are implemented in accordance with the requirements of the Company.

Precise cost management: the Company will strengthen the precise cost management through informationization and process improvement. Furthermore, the Company will carry out further reform on its processes by formulating and modifying new department functions according to the structural reform. It will establish a quantitative management system based on informationization. In particular, it will develop information technology for the energy transmission cable division first and then for other divisions based on the achievements of the energy transmission cable division, so as to facilitate the reform of precise cost management to enhance production efficiency and reduce production cost. In addition, the Company will monitor and evaluate the plans to increase revenue and control costs on a quarterly basis.

Energy cost management: the Company will improve and refine the metering device in each joint venture and business division and accurately assess their energy consumption so as to control the energy costs during the production. “Off-peak power use” will be encouraged and centralized power use under the “surplus electricity consumption” policy will be adopted to reduce the electricity cost of the Company. In addition, the Company will also carry out technical feasibility studies on boiler equipments and make proposals for reduction of operating cost.

Safety production management: the Company will achieve three-level standardization of safety production and obtain relevant certificate so as to ensure the environmental safety, occupational health and safety, fire control safety and the successful progress of the security work.

(V) Major issues

1. Change of executive director

On 12 March 2015, the Board of the Company announced that Mr. Ping Hao had resigned as an executive director, vice chairman, a member of strategic development committee, general manager and an authorised representative of the Company with effect from 12 March 2015, and Mr. Wang Micheng had been appointed as an executive director, vice chairman, a member of strategic development committee, general manager and an authorised representative of the Company with effect from 12 March 2015.

OVERDUE TIME DEPOSITS

As at 30 June 2015, the Group did not have any deposit and trust deposit with non-banking financial institutions nor time deposits that cannot be recovered on maturity.

ENTERPRISE INCOME TAX

According to the document of High-tech Enterprises Recognition Committee of Sichuan Province (Chuangaoqiren [2014] No. 6), the Company's subsidiaries, Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant, Chengdu SEI Optical Fiber Co., Ltd. and Chengdu Zhongling Radio Communications Co., Ltd., were recognised as high-tech enterprises and enjoyed the high-tech enterprises preferential tax rate of 15% for a period of three years from 2014 to 2016.

According to the document of High-tech Enterprises Recognition and Management Coordination Group of Jiangsu Province (Sugaoqixie [2012] No. 22), Jiangsu Fasten Photonics Co., Ltd., a subsidiary of the Company, was recognised as one of the third batch of high-tech enterprises (Certificate number GF201232000809) for a period of three years after re-examination and is subject to enterprises income tax rate of 15% starting from 1 January 2012. As of 30 June 2015, Jiangsu Fasten Photonics Co., Ltd., a subsidiary of the Company, has not registered as a high-tech enterprise and is temporarily subject to 15% of high-tech enterprises income tax.

PLEDGE OF ASSETS

As at 30 June 2015, owing to the needs for production and operation, the Group obtained new loan of RMB12,884,061.06 from banks which was secured by the Group's assets (as at 31 December 2014: RMB50,000,000).

MARKET RISKS

The Group is exposed to various types of market risks, including fluctuation in copper prices, financial instruments and changes in interest rates, foreign exchange rates and inflation.

RISKS RELATING TO COPPER PRICES AND OTHER COMMODITIES PRICES

The Group's revenue and profit are sensitive to fluctuations in copper prices and prices of other commodities. This is due to the fact that the Group generates all of its revenue and profit from the PRC. The Group does not enter into commodity derivative instruments or futures to hedge against any potential price fluctuations of copper and other commodities or for trading purposes. Therefore, fluctuations in the prices of copper and other commodities may have a material effect on the Group's revenue and profit.

CREDIT RISK

The Group manages credit risk by setting up credit control policy and periodic evaluation of creditability of other parties, measured by the extent of delinquency or default and their financial viability.

The Group performs ongoing credit evaluations of each of its customers and adjusts credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of its current credit information.

The Group continuously monitors collections from its customers and maintains a provision for estimated impairment for credit loss based upon its historical experience and any specific customer collection issues that it has identified. Impairment for trade receivables has historically been within the management's expectation and the Group will continue to monitor the collections from customers and maintain an appropriate level of credit losses. The Group did not hold any collateral from its customers.

The Group has no concerns over significant concentration of credit risk as the Group has a variety of customers and its deposits are maintained with various financial institutions. The Board considered that the credit risk from time deposits and bank balances is minimal as the balances are placed with financial institutions and state-owned banks with high credit ratings.

The Group does not provide any guarantees to cooperative manufacturers which would expose the Group to unnecessary credit risks.

LIQUIDITY RISK

For liquidity risk management, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management also monitors the adequacy of bank and other borrowings.

INTEREST RATE RISK

The Group's exposure to interest rate risk relates primarily to the Group's cash holdings and interest-bearing bank loans. The Group manages its interest rate exposure from certain cash holdings through placing them into a fixed rate time deposit and manages the exposure from all of its interest-bearing loans through the use of fixed rates.

FOREIGN EXCHANGE RISK

All of the Group's transactions are carried out in RMB. The fluctuation of exchange rate of RMB against USD may affect the international and local copper prices, which may therefore affect the Group's operating results. In the past few years, the exchange rate of RMB was comparatively stable. RMB is not a freely convertible currency. However, on 21 July 2005, the People's Bank of China increased the exchange rate of RMB against USD by 2.1%, and the exchange rate of RMB against a basket of currencies may fluctuate. In view of the above circumstances, the PRC government might take further actions and measures on the free trade of RMB. Therefore, fluctuations in exchange rates may have an adverse effect on the Group's net assets, earnings and any dividend declared, which shall be converted or translated into Hong Kong dollars.

The Group has been closely monitoring the exchange rate between RMB and Hong Kong dollar as the proceeds raised by the Group from the initial public offering are denominated in Hong Kong dollars. Meanwhile, appropriate measures aiming at reducing the risk of fluctuation in exchange rates have been taken to minimize such risks.

STAFF AND REMUNERATION POLICY OF THE GROUP

As at 30 June 2015, the Group had 2,123 staff members (as at 31 December 2014: 1,998 staff members). As at 30 June 2015, the remuneration for staff members was RMB61,149,153.96 (the corresponding period of 2014: RMB57,306,373.72).

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 issue of new shares of the Company. During the Period, there was no change in the Company's total number of shares 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 par 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 2015, 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 2015, HKSCC Nominees Limited ("HKSCC", holding shares of the Company on behalf of various customers) held 155,826,998 H Shares, representing 38.96% 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 2015, the Central Clearing and Settlement System (“CCASS”) participants holding 5% or more of the total issued H Shares of the Company are shown as follows:

	Number of Shares held as at 30 June 2015	Percentage of H Shares	Percentage of total issued share capital
CCASS participants			
The Hongkong & Shanghai Banking Corporation Limited	12,211,100	7.63%	3.05%
BOCI Securities Limited	10,557,000	6.59%	2.64%
DBS Vickers (Hong Kong) Ltd.	8,594,000	5.37%	2.15%
Bank of China (Hong Kong) Limited	8,232,000	5.14%	2.06%
Citic Securities Brokerage (HK) Limited	8,053,000	5.03%	2.01%

Save as disclosed above, as at 30 June 2015, 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 issued H Shares of the Company.

3. Shareholdings of Directors and Supervisors

As at 30 June 2015, 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 Rules Governing the Listing of Securities on the Stock Exchange (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 Period and as at the date of this announcement.

5. Purchase, sale or redeem 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 2015 (no interim dividend was paid for the six months ended 30 June 2014).

AUDIT COMMITTEE

At present, the members of the audit committee of the Board of the Company (the “Audit Committee”) are Mr. Choy Sze Chung, Jojo (Chairman), Mr. Li Yuanpeng and Mr. Xiao Xiaozhou, 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 2015. The Audit Committee considered that the interim consolidated financial statements and interim results for the six months ended 30 June 2015 have complied with the requirements of applicable accounting standards and laws and appropriate disclosures were made.

CORPORATE GOVERNANCE CODE

Although the Company attached great importance to corporate governance and strives to comply with the Listing Rules and other relevant laws and regulations, the Company failed to act according to the Listing Rules to make announcements and seek shareholders’ approval for some continuing connected transactions in the financial years of 2013 and 2014 and the first half of 2015. Most of such continuing connected transactions were related to purchase or sales of optic fibre and relevant commodities from or to connected persons. Hence, the Company strives to adopt remedial measures including publishing announcement in due course and seeking shareholders’ approval to ensure that information is announced in a timely manner. The Board has specifically reviewed the relevant continuing connected transactions and is of the view that such transactions are on normal commercial terms, within the business scope of the Group and are fair and reasonable. Moreover, the Board will also put more effort to ensure improvement in information disclosure and compliance matters of the Company. With regard to the continuing connected transactions that were not duly disclosed in 2013, 2014 and the first half of 2015, the Company is arranging to make a separate announcement and seek independent shareholders’ approval.

In addition, save as disclosed otherwise, during the Period, the Company has applied the principles and complied with the applicable code provisions, and also complied with certain recommended best practices, of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules.

The Company will, from time to time, review and enhance its corporate governance practices to ensure that these practices continue to meet the requirements of the CG Code.

COMPLIANCE WITH THE MODEL CODE

During the Period, the Company has 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 had confirmed their full compliance with the Model Code during the Period.

PUBLICATION OF INTERIM RESULTS 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 2015 interim results report of the Company will be dispatched to the shareholders and will be available for inspection at the above websites in due course.

By order of the Board
Chengdu PUTIAN Telecommunications Cable Company Limited*
Zhang Xiaocheng
Chairman

Chengdu, the PRC, 21 August 2015

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

Executive Directors:

*Mr. Zhang Xiaocheng (Chairman),
Mr. Wang Micheng,
Mr. Cong Huisheng,
Mr. Chen Ruowei,
Mr. Du Xinhua and
Mr. Fan Xu*

Independent Non-executive Directors:

*Mr. Choy Sze Chung, Jojo,
Mr. Li Yuanpeng and
Mr. Xiao Xiaozhou*