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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)

2016 ANNUAL RESULTS ANNOUNCEMENT

RESULTS

The board of directors (the “Board”) of Chengdu PUTIAN Telecommunications Cable Company Limited (the “Company” or “Chengdu PUTIAN”) hereby announces the audited consolidated financial information of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2016 (the “Year”) together with comparative figures for the corresponding period of 2015 as follows:

* For identification purposes only

CONSOLIDATED BALANCE SHEET

as at 31 December 2016

Prepared by: CHENGDU PUTIAN
TELECOMMUNICATIONS CABLE
COMPANY LIMITED

Monetary unit: RMB Yuan

Assets	Note No.	Closing balance of period	Opening balance of period
Current assets:			
Cash and bank balances		386,016,134.79	336,464,641.98
Settlement funds			
Loans to other banks			
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable	IV.(I)1	102,488,405.74	101,785,217.79
Accounts receivable	IV.(I)2	94,950,926.96	410,168,670.66
Advances paid		22,920,549.53	15,605,190.57
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Interest receivable			
Dividend receivable			
Other receivables		26,769,742.43	93,714,927.86
Reverse-REPO financial assets			
Inventories		160,106,903.80	196,826,743.18
Assets classified as held-for-sale			
Non-current assets due within one year			
Other current assets		19,451,948.98	16,393,322.70
Total current assets		812,704,612.23	1,170,958,714.74

Assets	<i>Note No.</i>	Closing balance of period	Opening balance of period
Non-current assets:			
Loans and advances paid			
Available-for-sale financial assets		7,186,275.00	8,764,734.00
Held-to-maturity investments			
Long-term receivable			
Long-term equity investments		123,978,116.68	5,653,653.92
Investment property		33,556,165.40	19,815,080.14
Fixed assets		260,511,886.18	510,766,274.09
Construction in progress		5,162,289.32	8,824,072.57
Construction materials			
Fixed assets disposal			
Biological assets			
Oil & gas assets			
Intangible assets		50,230,026.36	113,421,706.44
Development expenditures			
Goodwill			21,985,780.47
Long-term prepayments			16,695,564.61
Deferred tax assets		14,135,131.52	16,819,344.28
Other non-current assets			
Total non-current assets		<u>494,759,890.46</u>	<u>722,746,210.52</u>
Total assets		<u><u>1,307,464,502.69</u></u>	<u><u>1,893,704,925.26</u></u>

Liabilities & Shareholders' Equity	<i>Note No.</i>	Closing balance of period	Opening balance of period
Current liabilities:			
Short-term borrowings			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			39,603,546.89
Accounts payable	<i>IV.(I)3</i>	101,691,287.30	207,755,202.78
Advances received		34,255,233.51	17,387,434.92
Proceeds from sale of repurchase financial assets			
Handling fee and commission payable			
Employee benefits payable		45,630,134.59	30,131,394.99
Taxes and rates payable		9,465,096.54	7,581,760.64
Interest payable			
Dividend payable			
Other payables		23,410,432.55	21,154,408.59
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>214,452,184.49</u>	<u>523,613,748.81</u>

Liabilities & Shareholders' Equity	<i>Note No.</i>	Closing balance of period	Opening balance of period
Non-current liabilities:			
Long-term borrowings		7,376,797.32	7,518,503.53
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Long-term payables			
Long-term staff remuneration payables			
Special payables			
Provisions			
Deferred income		66,725,801.88	70,435,682.28
Deferred tax liabilities		971,262.40	10,537,626.62
Other non-current liabilities			
Total non-current liabilities		<u>75,073,861.60</u>	<u>88,491,812.43</u>
Total liabilities		<u><u>289,526,046.09</u></u>	<u><u>612,105,561.24</u></u>
Shareholders' equity:			
Share capital		400,000,000.00	400,000,000.00
Other equity			
Including: Preference shares			
Perpetual bonds			
Capital reserve		651,400,779.83	651,400,779.83
Less: treasury shares			
Other comprehensive income	<i>IV.(I)4</i>	5,503,820.29	6,845,510.44
Special reserve			
Surplus reserve		8,726,923.61	8,726,923.61
General risk reserve			
Undistributed profit		-152,174,233.00	-136,070,969.11
Total equity attributable to the parent company		<u>913,457,290.73</u>	<u>930,902,244.77</u>
Non-controlling interest		<u>104,481,165.87</u>	<u>350,697,119.25</u>
Total equity		<u><u>1,017,938,456.60</u></u>	<u><u>1,281,599,364.02</u></u>
Total liabilities & shareholders' equity		<u><u>1,307,464,502.69</u></u>	<u><u>1,893,704,925.26</u></u>

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2016

Prepared by: CHENGDU PUTIAN
TELECOMMUNICATIONS CABLE
COMPANY LIMITED

Monetary unit: RMB Yuan

Items	Note No.	Current period	Prior period
I. Total operating revenue		1,332,288,885.28	1,209,522,056.73
Including: operating revenue	IV.(II)1	1,332,288,885.28	1,209,522,056.73
Interest proceeds			
Premium earned			
Revenue from handling charges and commission			
II. Total operating cost		1,329,774,488.75	1,256,773,296.89
Including: operating cost	IV.(II)1	1,089,207,359.17	1,064,030,918.76
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	IV.(II)2	11,633,152.25	6,557,864.18
Selling expenses	IV.(II)3	60,839,009.30	50,024,954.62
Administrative expenses	IV.(II)4	131,851,623.37	112,359,896.05
Financial expenses	IV.(II)5	5,382,887.85	5,958,888.62
Assets impairment loss		30,860,456.81	17,840,774.66
Add: gains on changes of fair value (loss, expressed in negative figure)			
Gains/losses on hedging the net exposure (loss, expressed in negative figure)			
Investment income (loss, expressed in negative figure)		8,529,454.89	597,687.72
Including: investment income from associates and joint ventures		2,147,962.76	487,687.74
Gains on foreign exchange (loss, expressed in negative figure)			

Items	Note No.	Current period	Prior period
III. Operating profit (loss, expressed in negative figure)		11,043,851.42	-46,653,552.44
Add: Non-operating revenue		14,652,058.50	9,162,525.36
Including: Gains on disposal of non-current assets		10,087,197.98	79,805.91
Less: Non-operating expenditures		453,488.47	109,769.43
Including: losses on disposal of fixed assets		30,799.31	1,210.77
IV. Total profit (total loss, expressed in negative figure)		25,242,421.45	-37,600,796.51
Less: income tax expense	IV.(II)6	17,984,519.81	5,491,421.21
V. Net profit (loss, expressed in negative figure)		7,257,901.64	-43,092,217.72
Net profit attributable to owners of parent company		-16,103,263.89	-40,628,295.20
Non-controlling interest income		23,361,165.53	-2,463,922.52
VI. Other comprehensive income after tax		-1,341,690.15	3,729,298.50
Net other comprehensive income attributable to owners of the parent company		-1,341,690.15	3,729,298.50
(I) Not reclassified subsequently to profit or loss			
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		-1,341,690.15	3,729,298.50
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		-1,341,690.15	3,729,298.50
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 No.</i>	Current period	Prior period
VII. Total comprehensive income		5,916,211.49	-39,362,919.22
Items attributable to owners of parent company		-17,444,954.04	-36,898,996.70
Items attributable to non-controlling interest		23,361,165.53	-2,463,922.52
VIII. Earnings per share (“EPS”):	<i>VIII.(II)3</i>		
(I) Basic EPS (RMB/share)		-0.04	-0.10
(II) Diluted EPS (RMB/share)		-0.04	-0.10

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2016

Prepared by: CHENGDU PUTIAN
TELECOMMUNICATIONS CABLE
COMPANY LIMITED

Monetary unit: RMB Yuan

Items	Note No.	Current period	Prior period
I. Cash flows from operating activities:			
Cash receipts from sale of goods or rendering of services		1,184,904,219.18	998,508,952.95
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		6,213.49	
Receipts of tax refund		85,435,565.69	52,326,975.80
Other cash receipts related to operating activities			
Subtotal of cash inflows from operating activities		1,270,345,998.36	1,050,835,928.75
Cash payments for goods purchased and services received		822,954,816.49	667,095,037.64
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		125,103,593.10	124,951,427.79
Cash payments of taxes and rates		65,662,533.85	46,028,332.18
Other cash payments related to operating activities		217,745,035.66	167,639,068.02
Subtotal cash outflows from operating activities		1,231,465,979.10	1,005,713,865.63
Net cash flows from operating activities		38,880,019.26	45,122,063.12

Items	<i>Note No.</i>	Current period	Prior period
II. Cash flows from investing activities:			
Cash received from return of investments			137,500.00
Cash received from return on investments			137,500.00
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		14,796,071.04	143,429.13
Net cash received from the disposal of subsidiaries & other business units		71,765,474.42	
Other cash receipts related to investing activities		60,000,000.00	<u>50,000,000.00</u>
Subtotal of cash inflows from investing activities		<u>146,561,545.46</u>	<u>50,280,929.13</u>
Cash paid for acquiring fixed assets, intangible assets and other long-term assets		35,544,851.99	9,756,010.80
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			
Subtotal of cash outflows from investing activities		<u>35,544,851.99</u>	<u>9,756,010.80</u>
Net cash flows from investing activities		<u>111,016,693.47</u>	<u>40,524,918.33</u>
III. Cash flows from financing activities:			
Cash received from investment by others		8,611,800.00	
Including: cash received by subsidiaries from non-controlling owners		8,611,800.00	
Cash received from borrowings		160,000,000.00	200,000,000.00
Cash received from issuing of bonds			
Other cash receipts related to financing activities		50,000,000.00	
Subtotal of cash inflows from financing activities		<u>218,611,800.00</u>	<u>200,000,000.00</u>

Items	<i>Note No.</i>	Current period	Prior period
Cash repayments of borrowings		272,141,706.21	200,143,142.01
Cash paid for distribution of dividends or profits and for interest expenses		16,484,416.08	12,289,324.46
Including: cash paid for distribution of dividends or profits by subsidiaries to minority owners			
Other cash payments related to financing activities		<u>50,000,000.00</u>	<u>10,837,730.00</u>
Subtotal of cash outflows from financing activities		<u>338,626,122.29</u>	<u>223,270,196.47</u>
Net cash flows from financing activities		<u>-120,014,322.29</u>	<u>-23,270,196.47</u>
IV. Effect of foreign exchange rate changes on cash & cash equivalents		-9,029.14	-18,814.09
V. Net increase in cash and cash equivalents		29,873,361.30	62,357,970.89
Add: Opening balance of cash and cash equivalents		301,159,590.59	238,801,619.70
VI. Closing balance of cash and cash equivalents		331,032,951.89	301,159,590.59

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the year ended 31 December 2016

Prepared by: CHENGDU PUTIAN
TELECOMMUNICATIONS CABLE
COMPANY LIMITED

Monetary unit: RMB Yuan

Items	Current period														Total shareholders' equity
	Shareholders' equity attributable to parent company													Non-controlling interests	
	Other equity instruments				Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others			
Share capital	Preference shares	Perpetual bonds	Others												
I. Balance at the end of prior year	400,000,000.00				651,400,779.83		6,845,510.44		8,726,923.61		-136,070,969.11		350,697,119.25	1,281,599,364.02	
Add: cumulative changes of accounting policies															
Error correction of prior period															
Business combination under common control															
Others															
II. Balance at the beginning of current year	400,000,000.00				651,400,779.83		6,845,510.44		8,726,923.61		-136,070,969.11		350,697,119.25	1,281,599,364.02	
III. Current period increase (decrease, expressed in negative figures)							-1,341,690.15				-16,103,263.89		-246,215,953.38	-263,660,907.42	
(I) Total comprehensive income							-1,341,690.15				-16,103,263.89		23,361,165.53	5,916,211.49	
(II) Capital contributed or withdrew by owners													-264,187,398.51	-264,187,398.51	

Items	Prior period														Total shareholders' equity
	Shareholders' equity attributable to parent company														
	Share capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others	Non-controlling interests		
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 figures)					45,214.82		3,729,298.50				-40,628,295.20		-2,463,922.52	-39,317,704.40	
(I) Total comprehensive income							3,729,298.50				-40,628,295.20		-2,463,922.52	-39,362,919.22	
(II) Capital contributed or withdrew by owners					45,214.82									45,214.82	
1. Capital contributed by owners															
2. Capital contributed by holders of other equity instruments															
3. Amount of share-based payment included in equity															
4. Others					45,214.82									45,214.82	
(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				651,400,779.83		6,845,510.44		8,726,923.61		-136,070,969.11		350,697,119.25	1,281,599,364.02	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016

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 (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 a social credit code numbered 9151010020193968XY. 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. Business scope: 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, electrical equipment technology development, transfer, consulting and related services, design and installation: city and road lighting engineering, building decoration engineering, fire facilities engineering, electrical and mechanical equipment installation works, light-current systems engineering of buildings, computer network engineering, communication engineering and equipment (except power facilities installation (repair, test), wholesale and retail: communications equipment (except radio transmitting equipment), lighting equipment, electrical equipment, instrumentation, electronic measuring instruments, electronic components, transmission, distribution and control equipment, hardware products and electronic products, plastic products, mineral products, building materials and chemical products (except dangerous chemicals products and precursor chemicals), daily necessities, commission agent (except by auction), import and export proprietary goods and similar commodities, owned real estate, machinery leasing, and property management.

These financial statements has been deliberated and approved by the 15th meeting of the 8th session of the Board of Directors on 24 March 2017.

The Company has brought 4 subsidiaries including Chengdu Zhongling Radio Communications Co., Ltd., Chengdu SEI Optical Fiber Co., Ltd., Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant and Chongqing Putaifeng Aluminium Co., Ltd. into the consolidated scope. Please refer to notes to changes in the consolidated scope and interest in other entities 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 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 Degree No. 33, the amended Degree No. 76), Specific accounting standards of 41 items which are issued and amended after 15 February 2006, Guidelines for application of enterprise accounting standards, Interpretation of enterprise accounting standards and other relevant regulations (the “Accounting Standards”).

(II) Tax preferential

Pursuant to the document of High-tech Enterprises Recognition Committee of Sichuan Province numbered Chuan Gao Qi Ren [2015] 7, the Company was recognised as high-tech enterprises and enjoyed the high-tech enterprises preferential tax rate of 15% for a period of three years from 2015 to 2017.

Pursuant to the document of High-tech Enterprises Recognition Committee of Sichuan Province numbered Chuan Gao Qi Ren [2014] 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.

(III) Other remarks

Pursuant to the document of Notice of the Ministry of Finance and the State Administration of Taxation on Comprehensively Implementing the Pilot of Replacing Business Tax with VAT, Cai Shui [2016] 36, approved by the State Council, since 1st May 2016, the pilot of replacing business tax with VAT is implemented nationwide, construction industry, real estate industry, finance and life service industry, etc., all the business tax payers, included in the scope of the pilot, change their tax payment from business tax to VAT. Pursuant to this notice, the Company changed their tax payment from business tax to VAT, and respectively applied to tax rate 13%, 11%, 6% and 3%.

IV. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(I) Notes to items of the consolidated balance sheet

1. Notes receivable

(1) Details

Items	Book balance	Closing balance	Carrying amount
		Provision for bad debts	
Bank acceptance	101,514,684.31		101,514,684.31
Trade acceptance	973,721.43		973,721.43
Total	102,488,405.74		102,488,405.74
		Opening balance	
Items	Book balance	Provision for bad debts	Carrying amount
Bank acceptance	101,592,650.87		101,592,650.87
Trade acceptance	192,566.92		192,566.92
Total	101,785,217.79		101,785,217.79

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

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance	<u>15,426,780.20</u>	<u> </u>
Subtotal	<u><u>15,426,780.20</u></u>	<u><u> </u></u>

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

2. *Accounts receivable*

(1) *Details*

1) Details of different categories of accounts receivable

Categories	Book balance	Closing balance		Carrying amount
	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	128,296,232.31	87.40	33,345,305.35	25.99
Receivable of individually insignificant amount but with provision made on an individual basis	<u>18,499,628.06</u>	<u>12.60</u>	<u>18,499,628.06</u>	<u>100.00</u>
Total	<u><u>146,795,860.37</u></u>	<u><u>100.00</u></u>	<u><u>51,844,933.41</u></u>	<u><u>35.32</u></u>

Categories	Book balance Amount	% to total	Opening balance		Carrying amount
			Provision for bad debts 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	441,179,534.91	95.13	33,386,026.50	7.57	407,793,508.41
Receivable of individually insignificant amount but with provision made on an individual basis	<u>22,561,331.06</u>	<u>4.87</u>	<u>20,186,168.81</u>	<u>89.47</u>	<u>2,375,162.25</u>
Total	<u>463,740,865.97</u>	<u>100.00</u>	<u>53,572,195.31</u>	<u>11.55</u>	<u>410,168,670.66</u>

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

Ages	Book balance	Closing balance Provision for bad debts	Provision proportion (%)
Within 1 year	64,492,134.27		
1–2 years	24,922,210.97	2,492,221.11	10.00
2–3 years	9,903,491.47	2,971,047.44	30.00
3–5 years	5,481,793.97	4,385,435.17	80.00
Over 5 years	<u>23,496,601.63</u>	<u>23,496,601.63</u>	<u>100.00</u>
Subtotal	<u>128,296,232.31</u>	<u>33,345,305.35</u>	<u>25.99</u>

Ages	Book balance	Opening balance Provision for bad debts	Provision proportion (%)
Within 1 year	369,370,420.28		
1–2 years	34,891,325.17	3,489,132.52	10.00
2–3 years	8,869,088.80	2,660,726.64	30.00
3–5 years	4,062,666.56	3,250,133.24	80.00
Over 5 years	<u>23,986,034.10</u>	<u>23,986,034.10</u>	<u>100.00</u>
Subtotal	<u>441,179,534.91</u>	<u>33,386,026.50</u>	<u>7.57</u>

(2) *Age analysis*

Ages	Book balance	Closing balance Provision for bad debts	Provision proportion (%)
Within 1 year	64,492,134.27		
1–2 years	24,922,210.97	2,492,221.11	10.00
2–3 years	9,903,491.47	2,971,047.44	30.00
3–5 years	5,481,793.97	4,385,435.17	80.00
Over 5 years	41,996,229.69	41,996,229.69	100.00
Total	<u>146,795,860.37</u>	<u>51,844,933.41</u>	<u>35.32</u>

Ages	Book balance	Opening balance Provision for bad debts	Provision proportion (%)
Within 1 year	369,370,420.28		
1–2 years	34,891,325.17	3,489,132.52	10.00
2–3 years	8,869,088.80	2,660,726.64	30.00
3–5 years	7,942,669.56	4,754,973.99	59.87
Over 5 years	<u>42,667,362.16</u>	<u>42,667,362.16</u>	<u>100.00</u>
Subtotal	<u>463,740,865.97</u>	<u>53,572,195.31</u>	<u>11.55</u>

The analysis of aging of accounts receivable is based on the time of delivering goods or providing services.

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 debt made, collected or reversed in current period*

(1) Provision for bad debts made in current period totaled RMB9,139,226.58, and collected or reversed in current period totaled RMB151,700.00.

(2) Other remarks

Because of entities excluded from the consolidation scope, provision for bad debts transferred out totaled RMB10,714,788.48 at the end of period.

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

Debtors	Book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
Shenzhen ZTE Kangxun Telecom Company Limited	18,280,344.37	12.45	
China Potevio Company Limited	11,698,366.06	7.97	
Jiangsu Ronglian Technology Development Co., Ltd.	7,960,355.20	5.42	169,795.15
Sichuan Petroleum Construction Engineering Co., Ltd.	5,484,826.20	3.74	1,351,927.86
Daqing Oilfield Construction Group Co., Ltd.	<u>4,146,298.00</u>	<u>2.82</u>	<u>2,579,258.40</u>
Subtotal	<u><u>47,570,189.83</u></u>	<u><u>32.40</u></u>	<u><u>4,100,981.41</u></u>

3. *Accounts payable*

(1) *Details*

Items	Closing balance	Opening balance
Borrowings	99,868,127.80	189,005,353.53
Payment for project and equipment	1,189,410.25	7,801,454.06
Others	<u>633,749.25</u>	<u>10,948,395.19</u>
Total	<u><u>101,691,287.30</u></u>	<u><u>207,755,202.78</u></u>

(2) *Age analysis*

Ages	Closing balance	Opening balance
Within 1 year	88,026,688.95	188,032,257.43
1–2 years	10,302,231.14	10,541,582.73
2–3 years	387,727.62	4,856,696.67
Over 3 years	<u>2,974,639.59</u>	<u>4,324,665.95</u>
Total	<u><u>101,691,287.30</u></u>	<u><u>207,755,202.78</u></u>

The analysis of aging of accounts payable is based on the time of purchasing materials, goods or receiving services.

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

4. *Other comprehensive income (OCI)*

Items	Opening balance	Current period cumulative before income tax	Current period cumulative		Attributable to parent company	Attributable to non-controlling interest	Closing balance
			Less: OCI carried forward	Less: income tax			
Items to be reclassified subsequently to profit or loss							
Including: Gains/losses on changes in fair value of available-for-sale financial assets	6,845,510.44	-1,578,459.00		-236,768.85	-1,341,690.15		5,503,820.29
Total	6,845,510.44	-1,578,459.00		-236,768.85	-1,341,690.15		5,503,820.29

(II) Notes to items of the consolidated income statement

1. *Operating revenue/Operating cost*

Items	Current period cumulative		Preceding period comparative	
	Income	Cost	Income	Cost
Revenue from main operations	1,310,935,419.63	1,075,737,745.08	1,156,775,229.92	1,035,691,452.67
Revenue from other operations	21,353,465.65	13,469,614.09	52,746,826.81	28,339,466.09
Total	1,332,288,885.28	1,089,207,359.17	1,209,522,056.73	1,064,030,918.76

2. *Taxes and surcharge for operations*

(1) *Details*

Items	Current period cumulative	Preceding period comparative
Business tax	277,346.97	1,049,875.20
Urban maintenance and construction tax	3,395,165.97	2,283,212.40
Education surcharge	1,446,568.25	1,172,060.17
Local education surcharge	964,378.84	485,965.45
Housing property tax	3,264,413.69	1,399,596.19
Price regulation fund		167,154.77
Stamp duty	686,655.96	
Vehicle and vessel tax	3,960.00	
Land use tax	1,594,662.57	
Total	11,633,152.25	6,557,864.18

(2) *Other remarks*

Pursuant to the Provisions Concerning the Accounting Treatments on VAT (Cai Kuai [2016] 22) and Interpretation on Several Issues about Provisions Concerning the Accounting Treatments on VAT, the Company reported the amount of housing property tax, vehicle and vessel tax, land use tax and stamp duty for May to December 2016 through the “taxes and surcharge for operations” item and the amount for prior to May 2016 was reported through “administrative expenses” item.

3. *Selling expenses*

Items	Current period cumulative	Preceding period comparative
Staff salaries	11,405,161.89	8,979,585.94
Transportation cost	21,051,415.92	18,540,166.01
Packing expenses	2,458,217.06	2,472,304.12
Business expenses	11,758,175.34	10,123,334.14
Advertising and promotion expenses	234,702.98	899,136.66
Office and travelling expenses	2,957,588.86	4,024,984.17
Sales service expenses	4,090,898.27	1,308,895.28
Others	<u>6,882,848.98</u>	<u>3,676,548.30</u>
Total	<u><u>60,839,009.30</u></u>	<u><u>50,024,954.62</u></u>

4. *Administrative expenses*

(1) *Details*

Items	Current period cumulative	Preceding period comparative
Staff salaries	62,979,004.22	45,240,669.50
Depreciation and amortisation	17,575,573.08	11,846,611.27
Business entertainment	3,053,880.59	2,164,167.37
Office and travelling expenses	3,939,098.11	3,762,886.04
Research and development costs	18,948,613.12	20,389,934.63
Taxes (<i>Note</i>)	2,258,456.16	6,265,889.75
Agency fee	2,966,795.19	5,368,686.93
Repairs and maintenance	4,186,093.54	3,893,367.20
Water and electricity	1,680,193.22	997,573.31
Loss from work suspension		1,074,692.06
Others	<u>14,263,916.14</u>	<u>11,355,417.99</u>
Total	<u><u>131,851,623.37</u></u>	<u><u>112,359,896.05</u></u>

Note: Please refer notes to IV. (II).2

- (2) Of current period administrative expenses, auditor's remuneration totaled RMB1,080,000.00 (2015: RMB1,080,000.00).

5. *Financial expenses*

Items	Current period cumulative	Preceding period comparative
Interest expenditures	11,096,073.96	12,791,657.80
Including: Interest on bank borrowing, overdraft and other borrowings wholly repayable within five years	11,096,073.96	12,791,657.80
Less: Interest income	8,575,509.23	9,791,300.94
Exchange gain/loss	2,062,501.81	2,364,042.76
Handling charges	799,821.31	594,489.00
	<u>5,382,887.85</u>	<u>5,958,888.62</u>
Total	<u>5,382,887.85</u>	<u>5,958,888.62</u>

6. *Income tax expenses*

(1) *Details*

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	17,578,117.78	1,979,462.21
Deferred income tax expenses	406,402.03	3,511,959.00
	<u>17,984,519.81</u>	<u>5,491,421.21</u>
Total	<u>17,984,519.81</u>	<u>5,491,421.21</u>

(2) *Reconciliation of accounting profit to income tax expenses*

Items	Current period cumulative	Preceding period comparative
Profit before tax	25,242,421.45	-37,600,796.51
Income tax expenses based on applicable tax rate	3,786,363.22	-5,640,119.48
Effect of different tax rate applicable to subsidiaries	419,043.35	2,672,245.78
Effect of prior income tax reconciliation	-238,453.00	127,469.83
Effect of non-taxable income		
Effect of non-deductible costs, expenses and losses	2,109,873.51	1,263,720.89
Effect of deductible research and development costs		-1,257,567.75
Utilization of deductible losses not previously recognized	-1,788,909.69	222,106.76
Effect of deducible temporary differences or deductible losses not recognized	14,036,740.12	8,103,565.18
Others	-340,137.70	
Income tax expenses	17,984,519.81	5,491,421.21

(III) Others

1. *Monetary items in foreign currencies*

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent
Cash and bank balances			
Including: USD	714,379.47	6.9370	4,955,650.38
Accounts payable			
Including: USD	3,617,535.76	6.9370	25,094,845.55
Long-term borrowings			
Including: EUR	1,009,579.75	7.3068	7,376,797.32

V. INTEREST IN OTHER ENTITIES

(I) Interest in significant subsidiaries

1. *Significant subsidiaries*

(1) *Basis information*

Subsidiaries	Main operating place	Place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
Chengdu Zhongling Radio Communications Co., Ltd.	Chengdu 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
Chongqing Putaifeng Aluminium Co., Ltd.	Chongqing City	Chongqing City	Manufacture	40.00		Investment

(2) *Other remarks*

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 the majority of voting right in the board of directors of Chongqing Putaifeng Aluminium Co., Ltd., and could control its financial and operation decision, and have a privileged variable return, the Company brought the financial statements of Chongqing Putaifeng Aluminium Co., Ltd., into the consolidation scope.

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%	-313,166.20		1,647,167.92
Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant	33.33%	-10,861,614.52		2,925,656.90
Chengdu SEI Optical Fiber Co., Ltd.	40.00%	25,933,936.38	5,389,720.40	89,899,328.89
Chongqing Putaifeng Aluminium Co., Ltd.	60.00%	-1,990,987.84		10,009,012.16
Putian Fasten Cable Telecommunication Co., Ltd. (Note)	55.00%	10,592,997.71		

Note: The Company has disposed part of the equity interest of Putian Fasten Cable Telecommunication Co., Ltd. in this period.

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

(1) Assets and liabilities

(Expressed in RMB10,000.00)

Subsidiaries			Closing balance		Total liabilities
	Current assets	Non-current assets	Total assets	Current liabilities	
Chengdu Zhongling Radio Communications Co., Ltd.	7,584.97	1,014.80	8,599.77	3,653.32	3,653.32
Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant	1,927.02	9,849.91	11,776.93	4,266.57	6,632.58
Chengdu SEI Optical Fiber Co., Ltd.	25,492.71	4,115.02	29,607.73	7,132.90	7,132.90
Chongqing Putaifeng Aluminium Co., Ltd.	2,473.51	998.08	3,471.59	1,803.43	1,803.43

Subsidiaries			Opening balance		Total liabilities
	Current assets	Non-current assets	Total assets	Current liabilities	
Chengdu Zhongling Radio Communications Co., Ltd.	6,229.00	1,150.77	7,379.77	1,492.88	1,492.88
Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant	4,048.66	10,612.41	14,661.07	3,520.91	7,003.57
Chengdu SEI Optical Fiber Co., Ltd.	18,065.01	3,508.10	21,573.11	4,234.33	4,234.33
Putian Fasten Cable Telecommunication Co., Ltd.	55,574.23	32,176.86	87,751.09	38,528.24	932.96
Chongqing Putaifeng Aluminium Co., Ltd.	800.00		800.00		

(2) Profit or loss and cash flows

(Expressed in RMB10,000.00)

Subsidiaries	Operating revenue	Net profit	Current period cumulative	
			Total comprehensive income	Cash flows from operating activities
Chengdu Zhongling Radio Communications Co., Ltd.	3,780.33	-940.44	-940.44	-436.29
Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant	488.99	-3,258.81	-3,258.81	-209.30
Chengdu SEI Optical Fiber Co., Ltd.	27,717.05	6,483.48	6,483.48	7,978.28
Putian Fasten Cable Telecommunication Co., Ltd.	74,420.40	1,926.00	1,926.00	3,335.28
Chongqing Putaifeng Aluminium Co., Ltd.	8,012.96	-331.83	-331.83	-594.55
			Preceding period comparative	
Subsidiaries	Operating revenue	Net profit	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 Heat Shrinkable 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
Chongqing Putaifeng Aluminium Co., Ltd.				

(II) Interest in joint venture or associates

1. Significant associates

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
Putian Fasten Cable Telecommunication Co., Ltd.	Jiangyin City	Jiangyin City	Manufacture	22.50		Equity method

2. Main financial information of significant associates

Items	Closing balance/current period cumulative			Opening balance/preceding period comparative	
	Chengdu Yuexin	Chengdu Bada	Putian Fasten Cable	Chengdu Yuexin	Chengdu Bada
	Telecommunications Materials Co., Ltd.	Connector Co., Ltd.	Telecommunication Co., Ltd.	Telecommunications Materials Co., Ltd.	Connector Co., Ltd.
Current assets	9,754,992.75	57,708,427.94	673,496,691.11	9,631,033.93	61,251,570.79
Non-current assets	2,920,748.09	2,399,158.48	293,665,617.49	3,218,838.85	2,903,816.33
Total assets	12,675,740.84	60,107,586.42	967,162,308.60	12,849,872.78	64,155,387.12
Current liabilities	8,746,097.06	50,272,883.63	448,782,742.83	9,449,877.61	55,177,525.54
Non-current liabilities			10,373,980.97		
Total liabilities	8,746,097.06	50,272,883.63	459,156,723.80	9,449,877.61	55,177,525.54
Non-controlling interest		101,997.53			92,759.43
Equity attributable to owners of parent company	3,929,643.78	9,732,705.26	508,005,584.80	3,399,995.17	8,885,102.15
Proportionate share in net assets	1,375,375.32	4,769,025.58	114,301,256.58	1,189,998.31	4,353,700.05
Adjustments					
Others	109,955.56	-0.03	231,757.60	109,955.56	
Carrying amount of investments in associates	1,485,330.88	4,769,025.55	114,533,014.18	1,299,953.87	4,353,700.05
Fair value of equity investments in associates in association with quoted price					
Operating revenue	27,754,882.02	126,760,209.69	78,248,133.03	35,011,312.78	135,759,939.74
Net profit	529,648.61	847,603.06	6,876,712.23	403,863.97	706,806.83
Net profit of discontinued operations					
Other comprehensive income					
Total comprehensive income	529,648.61	847,603.06	6,876,712.23	403,863.97	706,806.83
Dividend from associates received in current period					

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(I) Balance due to or from related parties

1. Balance due from related parties

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Nanjing PUTIAN Intelligent Building Limited	93,192.96	93,192.96	93,192.96	22,554.37
Accounts receivable	China Potevio Company Limited	11,698,366.06		74,178,044.13	
Accounts receivable	China PUTIAN Communications Zhuzhou Company Limited	160,000.00	160,000.00	160,000.00	160,000.00
Accounts receivable	Chengdu Branch of China Potevio Company Limited	304,891.23	304,891.23	304,891.23	182,362.39
Accounts receivable	Nanjing PUTIAN Telecommunications Company Limited			3,060,450.40	
Accounts receivable	Jiangsu Fasten Optical Fibre Technology Company Limited			10,940,050.20	
Accounts receivable	Fasten Group Import & Export Co., Ltd.			3,536,012.00	
Accounts receivable	Chengdu Bada Connector Co., Ltd.			406,815.40	
Accounts receivable	Hangzhou Honyar Electrical Co., Ltd.			2,000,000.00	
Accounts receivable	Putian Fasten Cable Telecommunication Co., Ltd.	2,753,034.81			
Subtotal		<u>15,009,485.06</u>	<u>558,084.19</u>	<u>94,679,456.32</u>	<u>364,916.76</u>
Advances paid	Fasten Group Import & Export Co., Ltd.			7,740,000.00	
Advances paid	Sumitomo Electric Asia Ltd.	1,261,692.79		378,674.61	
Advances paid	China Potevio Company Limited			38,644.83	
Advances paid	Hangzhou Honyar Electrical Co., Ltd.	15,090,449.79			
Subtotal		<u>16,352,142.58</u>		<u>8,157,319.44</u>	
Other receivables	Jiangsu Fasten Hongsheng Group Co., Ltd.			70,000,000.00	
Other receivables	China Potevio Company Limited	1,522,740.84		5,080,307.18	
Other receivables	Chengdu Bada Connector Co., Ltd.	10,520,502.79		10,508,821.76	
Other receivables	Chongqing Taishan Cable Co., Ltd.	496,822.86			
Other receivables	Chengdu Huangshishuangfeng Cable Co., Ltd.	496,822.86			
Other receivables	Chengdu Yuexin Telecommunications Materials Co., Ltd.	51,722.43			
Other receivables	Putian Fasten Cable Telecommunication Co., Ltd.	2,171,013.16			
Other receivables	Putian Intelligent Lighting Research Institute Co., Ltd.	7,906,650.54			
Subtotal		<u>23,166,275.48</u>		<u>85,589,128.94</u>	

2. *Balance due to related parties*

Items	Related parties	Closing balance	Opening balance
Notes payable	Jiangyin Fasten Wire Products Company Limited		3,603,546.89
Notes payable	Jiangsu Fasten Hongsheng Group Co., Ltd.		21,725,121.59
Notes payable	Jiangsu Fasten Company Limited		7,626,813.57
Subtotal			<u>32,955,482.05</u>
Accounts payable	Chengdu Bada Connector Co., Ltd.	12,479,056.19	13,755,468.71
Accounts payable	Chengdu Yuexin Telecommunications Materials Co., Ltd.	2,444,645.31	2,016,557.36
Accounts payable	Jiangsu Fasten Company Limited		1,596,591.88
Accounts payable	Jiangsu Fasten Hongsheng Group Co., Ltd.		9,281,284.82
Accounts payable	Jiangyin Fasten Wire Products Company Limited		482,333.27
Accounts payable	Fasten Group Import & Export Co., Ltd.		10,160,514.69
Accounts payable	China Potevio Company Limited		
Accounts payable	Sumitomo Electric Asia Ltd.	24,599,543.75	22,426,928.20
Accounts payable	Chongqing Taishan Cable Co., Ltd.	9,000,000.00	
Accounts payable	Chengdu Huangshishuangfeng Cable Co., Ltd.		11,340,748.14
Subtotal		<u>48,523,245.25</u>	<u>71,060,427.07</u>
Other payables	Sumitomo Electric Industries, Ltd.	<u>154,313.62</u>	<u>77,686.50</u>
Subtotal		<u>154,313.62</u>	<u>77,686.50</u>

VII. 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 cables and related products segment	Optical cables and related products segment	Cable joint and related products
Revenue from main operations	222,999,736.74	1,018,941,097.55	1,005,765.72
Cost of main operations	213,401,446.85	798,754,183.38	1,144,595.48
Total assets	1,067,271,208.95	296,077,305.31	117,769,344.04
Total liabilities	129,465,048.94	71,328,983.08	108,991,495.56

Items	Closing balance/current period cumulative		
	Aluminium rod and related products	Inter-segment offsetting	Total
Revenue from main operations	79,945,399.28	11,956,579.66	1,310,935,419.63
Cost of main operations	79,373,577.25	16,936,057.88	1,075,737,745.08
Total assets	34,715,967.81	208,369,323.42	1,307,464,502.69
Total liabilities	18,034,280.88	38,293,762.37	289,526,046.09

Items	Opening balance/preceding period comparative		
	Copper cables and related products segment	Optical cables and related products segment	Cable joint and related products
Revenue from main operations	269,388,512.80	890,074,013.36	20,730,479.40
Cost of main operations	271,765,308.56	773,614,865.82	19,486,383.78
Total assets	1,073,552,381.66	1,101,242,016.68	146,610,715.02
Total liabilities	99,339,354.19	436,955,323.85	105,244,764.18

Items	Opening balance/preceding period comparative		
	Aluminium rod and related products	Inter-segment offsetting	Total
Revenue from main operations		23,417,775.64	1,156,775,229.92
Cost of main operations		29,175,105.49	1,035,691,452.67
Total assets		427,700,188.10	1,893,704,925.26
Total liabilities		29,433,880.98	612,105,561.24

(II) Other remarks

Items	Closing balance		Opening balance	
	Consolidated	Parent company	Consolidated	Parent company
Net current assets	598,252,427.74	392,032,336.31	647,344,965.93	277,939,569.59
Total assets less current liabilities	1,093,012,318.20	897,089,717.65	1,370,091,176.45	924,470,669.79

VIII. OTHER SUPPLEMENTARY INFORMATION

(I) Non-recurring profit or loss

1. Schedule of non-recurring profit or loss of current period

(1) Details

Items	Amount	Remarks
Gains on disposal of non-current assets, including written-off of provision for impairment	16,437,890.79	
Tax refund, credit or exemption approved beyond the power of authorities, without formal documents, or with occasionality		
Government grant included in profit or loss (excluding those closely related to operating activities, or regular government grants)	4,407,430.40	
Fund possession charge from non-financial entities and included in profit or loss	3,938,963.51	
Gains on acquisition of subsidiaries, joint ventures and associates due to the surplus of acquisition-date fair value of net identifiable assets in acquiree over the acquisition cost		
Gains on non-cash assets exchange		
Gains on assets consigned to the third party for investment or management		
Assets impairment loss incurred due to force majeure such as natural disasters		
Gains on debt restructuring		
Entity restructuring expenses, such as staffing and integrating expenses		
Gains on transactions with unfair value		
Net profit gains on subsidiaries acquired through business combination under common control from the beginning of the period to the combination date		
Contingent gains on non-operating activities		
Gains on changes in fair value of held-for-trading financial assets and liabilities and investment income from disposal of held-for-trading financial assets and liabilities, and available-for-sale financial assets, excluding those arising from hedging business related to operating activities		
The reversed provision for impairment of receivables based on impairment testing on an individual basis		
Gains on designated loans		
Gains on changes in fair value of investment properties with subsequent measurement at the fair value mode		
Gains on reconciliation of current period profit or loss following legal and regulative requirements		
Management charges for consigned operations		
Other non-operating revenue or expenditures	-265,259.04	
Other profit or loss satisfying the definition of non-recurring profit or loss		
Subtotal	24,519,025.67	
Less: enterprise income tax affected	547,192.30	
Non-controlling interest affected (after tax)	2,949,537.26	
Net non-recurring profit or loss attributable to shareholders of the parent company	21,022,296.10	

(II) RONA and EPS

1. Details

Profit of the reporting period	Weighted average RONA (%)	EPS (yuan/share)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of ordinary shares	-1.75	-0.04	-0.04
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	-4.03	-0.09	-0.09

2. Calculation process of weighted average RONA

Items	Symbols	Current period cumulative	Preceding period comparative
Net profit attributable to shareholders of ordinary shares	A	-16,103,263.89	-40,628,295.20
Non-recurring profit or loss	B	21,022,296.10	9,244,172.00
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	-37,125,559.99	-49,872,467.20
Opening balance of net assets attributable to shareholders of ordinary shares	D	930,902,244.77	967,756,026.65
Net assets attributable to shareholders of ordinary shares increased due to offering of new shares or conversion of debts into shares	E		
Number of months counting from the next month when the net assets were increased to the end of the reporting period	F		
Net assets attributable to shareholders of ordinary shares decreased due to share repurchase or cash dividends appropriation	G		
Number of months counting from the next month when the net assets were decreased to the end of the reporting period	H		
Net assets increase due to changes in fair value of held-for-trading financial assets	I1	-1,341,690.15	3,729,298.50
Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	J1	6.00	6.00
Net assets increase due to long-term equity investments under equity method	I2		45,214.82
Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	J2		
Number of months in the reporting period	K	12.00	12.00
Weighted average net assets	$L = \frac{D+A/2+E \times F/K - G \times H/K \pm I \times J/K}{M=A/L}$	922,179,767.75	949,306,528.30
Weighted average RONA	M=A/L	-1.75	-4.28
Weighted average RONA after deducting non-recurring profit or loss	N=C/L	-4.03	-5.25

3. Calculation process of basic EPS and diluted EPS

(1) Calculation process of basic EPS

Items	Symbols	Current period cumulative	Preceding period comparative
Net profit attributable to shareholders of ordinary shares	A	-16,103,263.89	-40,628,295.20
Non-recurring profit or loss	B	21,022,296.10	9,244,172.00
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	-37,125,559.99	-49,872,467.20
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	12.00	12.00
Weighted average of outstanding ordinary shares	$L = \frac{D + E + F \times G}{K - H \times I / K - J}$	400,000,000.00	400,000,000.00
Basic EPS	M=A/L	-0.04	-0.10
Basic EPS after deducting non-recurring profit or loss	N=C/L	-0.09	-0.12

(2) Calculation process of diluted EPS

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

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF PRINCIPAL BUSINESS

I Principal Business

During the Year, to pursue the principles of “innovation, integration and capital management”, the Company strived for strengthening the guidance of business strategies, market synergy and sharing of resources. Operation of major projects was refined to boost business development.

1. *Centralizing resources and pushing forward development of each business based on the established strategic objectives.*

The Company set up its optical telecommunication business department for the restructuring of optical telecommunication business to maximize the investment return.

High-end electrical equipment cable and aluminium products became the Company’s core products to facilitate the business transformation of copper cable business to energy transmission cable business. The Company reinforced the product development of electrical equipment cables and special cables and made use of the resources of China PUTIAN Corporation (“China Putian”) to diligently develop the market of cables for railway transportation while consolidating the market share in the urban rail cable market. The Company also conducted sales of its featured products which are safe and environmentally friendly and developed its brand in the market segments.

The Company established a smart electrical equipment department in August 2016 due to the western development and urbanization projects such as the constructions in the Chengdu-Chongqing city cluster and the new demand for smart products relating to new energy smart grid and new energy vehicle promotion. The smart electrical equipment department was going to provide smart electrical equipment products and related system services in traditional industries and the smart electrical equipment new energy sector for the “Internet+” smart era and deliver results in the areas such as charging network, energy-saving lighting and intelligent control.

2. *Gradually establishing a more scientific and comprehensive remuneration and performance appraisal system*

In order to reflect job values, the Company established and optimized the remuneration system and incentive system which were performance-oriented and rationalized the remuneration system which defined the range of remuneration by job evaluation. The Company also formulated and issued hierarchical performance management measures. By introducing a balanced scorecard appraisal method, the Company designated the responsibilities, performance targets and appraisal standards for all positions which refined and enhanced the performance appraisal. The Company completed the payment of quarterly and annual incentives through performance appraisals which closely connected staff income with the

Company, the current departments and individual performance appraisals in order to improve the initiatives, self-motivation and planning of the staff at all levels. The Company also strengthened the daily management practices integrating process and results in order to ensure the effective realization of the annual strategic goals. The Company put more efforts in the management of the remuneration of senior management of controlled and invested companies using Regulations of Remunerations and Incentives (薪酬激勵管理辦法) and determined remuneration standards and paid incentives based on the respective industry performance contribution and the completion status of quarterly targets in a stringent manner. By requiring the staff at all levels (other than those in the production line) to prepare work plans, the Company evaluated and assessed the staff and incorporated such assessment into individual appraisals. Such measures improved the self-motivation and planning of staff and strengthened the daily management practices integrating process and results.

3. *Implementing informatization management for more efficient management*

During the Year, the Company fully implemented informatization management to establish management standards and refine working procedures. The Company adopted real-time information management in respect of human resources, capital and assets through the information system to improve quality and efficiency of operation. The management system of the Enterprise Application Integration (EAI) had been basically established and its modules and subsystems had been launched one after another. After launching the budget management module, the annual budget of the departments was broken down into months according to the relevant rules in order to improve the effectiveness of budget implementation and realize a more precise cost management and control. The sales centers and business departments commenced to use ERP to regulate the management of current assets and the process management on procurement, sales and inventories. With the use of human resources management module, the Group carried out a human resources reform covering the employees of all subsidiaries. The work planning system further subdivided the overall strategic goals of the Company into the weekly and monthly plans of managers of grade III and above in order to better align their major duties with the strategic requirement and implement monitoring in a timelier manner, thereby being conducive to appraisals and improving working efficiency. Besides, the Company also launched the Weaver OA System and Yonyou U8+ Group Financial System and basically completed the integrated docking of the above subsystem and the cable information system.

4. *Strengthening overall risk management for better risk management and control*

The Company conducted evaluation and review on specific risks and strengthened dynamic surveillance of major risks. The Company conducted special audits on Chongqing Putaifeng Aluminium Co., Ltd. (“Chongqing Putaifeng”), the newly-established subsidiary, by earnestly inspecting and studying its production and operation, financial condition and assets condition and issued a special audit report with analysis of its financial condition and highlights of financial risks. The Company also provided written management advice to the management of Chongqing Putaifeng for the strengthening of risk management. The Company also conducted

special audits on Chengdu Zhongling Radio Communications Co., Ltd. and the energy transmission cable business department and provided judgements and management advices on the areas such as their production management, market conditions, economic benefits and energy conservation. The Company strengthened the supervision and regulation on its connected transactions and continuing connected transactions; improve the level of supervision. The Company implemented annual budget management such that the connected transactions which are not in the budget cannot be executed. In addition, the responsible staff received training on connected transactions and regulatory compliance. The Company also strengthened the review on contracts. The Company also promptly advised the management of compliance requirements and completed compliance matters so as to avoid the risk of non-compliance.

5. *Promoting economic development with solid budget management*

In respect of financial management, information systems were implemented for budget management and reimbursement. With the use of information platforms, the budget review system was strictly implemented. The departments had to make monthly budget reports in the budget management system every month. The reimbursements without budget or over budget could not be further processed, which effectively improved the budget management level. Moreover, the reimbursement system could effectively control all types of expenses and expenditures to be made within the budget, which in turn optimized the procedures of reimbursement. It could also immediately report to the persons-in-charge at all levels when reimbursements were made, which improved the internal management. Therefore, the current financial system on the management of expenses was improved substantially.

6. *Promoting reform to effectively control sources of loss*

During the Year, the Company conducted several rounds of negotiations with the shareholders of Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant (“Shuangliu Heat Shrinkable”) and also conducted asset valuation and laid off redundant staff of Shuangliu Heat Shrinkable. The Company was planning to introduce new businesses and revitalize the existing assets to develop a processing business with respect to Shuangliu Heat Shrinkable.

The competitiveness of Putian Fasten Cable Telecommunications Company Limited (“Putian Fasten JV”) in the optical cable market did not reach the level as estimated in the feasibility study report. In order to optimize investment management, the Company transferred 50% of its shareholding (i.e. 22.5% of the total equity interest) in Putian Fasten JV and recovered its corresponding equity contribution. The equity transfer was listed on China Beijing Equity Exchange (北京產權交易所) in October 2016 for bidding, the result of which was announced on 2 December 2016. The completion of the aforesaid transfer of equity interest shall take place upon the granting of the new business licence to Putian Fasten JV by the relevant PRC authority, which is expected to be on or before 31 December 2017.

7. *Strengthening internal control to improve management effectiveness*

In respect of technological management, the Company obtained four patents of new utility models and completed application for special funds of a patent and was applying for one invention model. For project applications, the Company conducted a project application for wires and cables for passenger cars on railways as a major new product in Sichuan Province and also conducted a research and development subsidies application for environmental-friendly, low smoke zero halogen and inflaming retarding cables for rail vehicles as a major new product in Chengdu. The Company also received insurance subsidies from the Science and Technology Board of Hi-Tech Zone (高新區科技局).

In respect of quality management, the Company enhanced the management of equipment, especially the primary and secondary maintenance and inspection of special equipment. It also strengthened inspection of instruments and completed testing on materials. The Company also completed internal review and passed the supervision evaluation by TLC (泰爾認證中心) in respect of quality management system and the re-evaluation by China Quality Certification Centre in respect of corporate environment and occupational health and safety management system for monitoring the quality of label products.

In respect of safety production management, the Company made effective operational control with zero incident in respect of environmental safety, occupational health and safety, fire safety and security.

FINANCIAL ANALYSIS

Turnover

During the Year, the turnover of the Group amounted to RMB1,332,288,885.28, representing an increase of 10.15% as compared with RMB1,209,522,056.73 for the year ended 31 December 2015 (the “Previous Year”).

During the Year, the turnover of the Company was RMB216,560,953.42, representing a decrease of 25.96% as compared to the corresponding period of the Previous Year. Chengdu SEI, a company in which the Company owns 60% equity interest, recorded a turnover of optical fiber of RMB277,170,524.02, representing an increase of 46.83% as compared to the corresponding period of the Previous Year. Shuangliu Heat Shrinkable, a company in which the Company owns 66.7% equity interest, recorded a turnover of heat shrinkable joining sleeves of RMB4,889,857.91, representing a decrease of 80.77% as compared to the corresponding period of the Previous Year. CMRC, a company in which the Company owns 96.67% equity interest, recorded a turnover of wire feed cable of RMB37,803,315.16, representing an increase of 1.46% as compared to the corresponding period of the Previous Year. Putian Fasten, a company in which the Company owns 45% equity interest, recorded a turnover of optical fiber and cable of RMB743,098,440.76, representing an increase of 5.42% as compared to the corresponding period of the Previous Year.

Net loss attributable to equity holders of the Company

The net loss attributable to equity holders of the Company for the Year amounted to RMB21,813,041.81, while a net loss of RMB33,674,501.98 was attributable to equity holders of the Company for the Previous Year.

RESULTS ANALYSIS

As at 31 December 2016, the Group's total assets decreased by 30.96% as compared with RMB1,893,704,925.26 as at the end of the Previous Year to RMB1,307,464,502.69, of which current assets totalled RMB812,704,612.23, accounting for 62.16% of the total assets and representing a decrease of 30.59% as compared with RMB1,170,958,714.74 as at the end of the Previous Year. Property, plant and equipment totalled RMB294,068,051.58, accounting for 22.49% of the total assets and representing a decrease of 44.58% as compared with RMB530,581,354.23 as at the end of the Previous Year.

As at 31 December 2016, the Group's total liabilities amounted to RMB289,526,046.09; total liability-to-total asset ratio was 22.14%; bank and other short-term loans were RMB0, which decreased by 100% as compared with RMB200,000,000.00 as at the end of the Previous Year. During the Year, the Group did not arrange other capital raising activities.

As at 31 December 2016, the Group's bank deposits and cash totalled RMB386,016,134.79, representing an increase of 14.73% as compared with RMB336,464,641.98 as at the end of the Previous Year.

During the Year, the Group's selling expenses, administration expenses and finance expenses amounted to RMB60,839,009.30, RMB131,851,623.37 and RMB5,382,887.85 respectively, representing an increase of 21.62%, an increase of 17.35% and a decrease of RMB576,000.77 respectively as compared with RMB50,024,954.62, RMB112,359,896.05 and RMB5,958,888.62 respectively in the Previous Year.

As at 31 December 2016, the Group's account receivables and bill receivables amounted to RMB94,950,926.96 and RMB102,488,405.74 respectively, representing a decrease of 76.85% and an increase of 0.69% respectively as compared with RMB410,168,670.66 and RMB101,785,217.79 respectively as at the end of Previous Year.

Analysis of Capital Liquidity

As at 31 December 2016, the Group's current assets amounted to RMB812,704,612.23 (2015: RMB1,170,958,714.74), current liabilities were RMB214,452,184.49 (2015: RMB523,613,748.81), the annual receivables turnover period was 82.57 days and the annual inventory turnover period was 80.90 days. The above data indicates that the Company has strong solvency but its liquidity ability and level of management are yet to be improved.

Analysis of Financial Resources

As at 31 December 2016, the Group's bank and other short-term loans were RMB0. As the Group had comparatively sufficient bank deposits and cash of RMB386,016,134.79, the Group does not have short-term solvency risk.

Non-current Liabilities or Loan

As at 31 December 2016, the outstanding amount of the Group's long-term loan incurred as a result of the purchase of a French accelerator was RMB7,376,797.32 (equivalent to EUR1,009,579.75). The loan is a French government loan at an interest rate of 0.5% per annum. The loan denominated in Euro is subject to exchange rate risks resulting from fluctuations of the exchange rate in the international foreign exchange market. This long-term loan is an instalment loan in respect of which the maximum repayment period is thirty-six years. As the outstanding amount of the long-term loan is relatively small, there is no material impact on the operations of the Group.

Capital Structure of the Group

The Group's capital is derived from bank and other loans, proceeds raised, profit of the Group and proceeds obtained from the disposal of the land use rights of the old site of the Company. The use of raised proceeds has strictly complied with the relevant legal requirements. In addition, in order to ensure the proper utilization of capital, the Group has strengthened its existing financial management system. The Group has also paid attention to avoiding high risks and to improving its return on investments. During the Year, debts and obligations were repaid and performed when due in accordance with the relevant contractual terms.

Liquidity and Source of Funds

During the Year, the Group's net cash inflow from operating activities amounted to RMB1,270,345,998.36, representing an increase of RMB219,510,069.61 as compared with RMB1,050,835,928.75 in 2015.

During the Year, the Group spent RMB35,544,851.99, representing an increase of RMB25,788,841.19 as compared with RMB9,756,010.80 in 2015, for the purchase of property, plant and equipment and expenses on the construction in progress.

As at 31 December 2016, the Group's liabilities and shareholders' equity amounted to RMB1,307,464,502.69 (2015: RMB1,893,704,925.26). The Group's interest expenses amounted to RMB11,096,073.96 for the Year (2015: RMB12,791,657.80).

Contingent Liabilities

As at 31 December 2016, the Group did not have any contingent liabilities (2015: Nil).

BUSINESS OUTLOOK

In 2017, the Company will focus on strengthening the optical telecommunication business, refining the energy transmission cable business and developing the smart electrical equipment cable business for the expansion of the Company. Revitalizing idle assets and leveraging the resources of being a state-owned and listed enterprise, the Company aims to expand its development and profitability. At the same time, the Company will continue to intensify reforms, to better information building, to reform appraisal mechanism, to improve efficiency of internal management, to strengthen budget implementation monitoring, to ensure Chengdu PUTIAN operates healthily and achieve the targets and missions for 2017.

1. Leading strategic industrial planning and accelerating business transformation for higher profitability.

According to its strategic development planning, the Company will solidify its three business segments and develop new businesses relating to the principal business of China Putian through capital operations. The optical telecommunication business will maintain its growth as a business having long competitive advantages. The energy transmission cable business will accelerate its business transformation to upgrade as one of the pillars of the Company. The smart electrical equipment cable business and other businesses will be developed by making use of the resources of China Putian.

1. Strengthening optical telecommunication business to maintain growth.

The Company will strengthen the optical telecommunication business. Making use of the products characterized as having high gross profit and the relevant resources accumulated upon long-term operation in the industry, Chengdu SEI Optical Fiber Co., Ltd., the Company's best performing subsidiary, will act as a leader in the development of a self-owned optical fiber, cable and device manufacturing business to have positive competition with Putian Fasten JV and to develop the potential of the optical telecommunication business.

2. Taking high-end electrical equipment cable and aluminium products as the Company's core products to facilitate the business transformation of copper cable business to energy transmission cable business as a pivotal business of the Company.

The Company will reinforce the product development of electrical equipment cables and special cables and make use of the resources of China Putian to develop cables for railway transportation and strive to achieve breakthrough in the market size of high-end electrical equipment cables in order to make profit. For the development of the market of cables for railway transportation, the Company will intensify its efforts in developing new customers and continue to consolidate the market share in the urban rail cable market so as to acquire more orders and expand its market share. Moreover, by capitalizing on the development opportunities arising from municipal constructions, road networks, power distribution

networks and new urban constructions, the Company will explore the power and cables market of the government construction projects, and conduct sales of its featured products which are safe and environmentally friendly and develop its brand in the market segments.

3. *Seeking to upgrade business towards the provision of comprehensive solutions by consolidating resources and developing smart electrical equipment cable business in the southwest region.*

By leveraging the needs of target investments in China such as the development of smart cities, new urban constructions, upgraded power distribution through smart grids, smart production and equipment upgrades and taking advantage of the existing land resources and regional competitiveness, the Company will develop a production base of smart electrical equipment cables in the southwest region and implement the strategic cooperation agreement between China Putian and the Chengdu local government to develop the markets of smart cities featuring energy-saving street lamps and charging piles, modification of smart traffic, smart municipal works, smart community, smart residence, new energy and electrical equipment. In addition, by developing new businesses in connection with the relevant core business areas of China Putian to stimulate the Company's further development, the Company will gradually upgrade its businesses towards the provision of comprehensive solutions.

II. Further improving management to raise management and control standard

The Company will apply new concepts to improve its management. Continuous efforts will be made to enhance its professional and standardized management ability to ensure the sustainable and healthy development of its production and operation.

1. *Promoting full coverage of informatization as an important means to enhance management.*

The Company will further enhance the comprehensive coverage of informatization and develop a decision-making system. The informatization data of the Company will be under centralized management and the decision-making system will be able to completely extract accurate data from the database immediately. The Company will improve the informatization safety management by acquiring the related safety and backup equipment to safeguard the system as well as the data.

2. *Strengthening cost control and management to reduce costs and improve efficiency.*

Comprehensive budget management will be enhanced. Restriction and monitoring of budget will be strengthened with a view to meeting the annual budget target. Through implementation and assessment of budget at each level, the Company will exercise more stringent control over the budget to ensure the balance between income and costs and enhance the effectiveness of cost reduction. The Company will further strengthen the monthly budget control by carrying out timely analysis on budget implementation in terms of monthly and cumulative profits,

income, expenses and other indicators in order to promptly identify reasons for deviation and issuing analysis report, which will improve the guiding function of budgeting in production and operation.

An accountability system for cost and expense management will be established to define the responsibilities of each level in reducing costs, improving effectiveness and increasing the profit margin. Working procedures for procurement management will be improved to regulate procurement and tender. The Company will also carry out strategic procurement and centralized procurement of bulk stock and services in order to facilitate cost reduction and efficiency enhancement.

For quality management, the Company will make consistent improvement in product quality to enhance its core competitiveness. According to the excellent performance management standards, the Company will require the responsible departments to rectify the issues discovered during internal audits and external audits after being sorted out by the Company and include such issues in the appraisal indicators of the departments. With regard to the quality problems, the Company will strive to maintain product quality by formulating product standards, managing procurement, monitoring production process and conducting review and supervision. Moreover, the accountability system of quality will be optimized. The product quality and customer satisfaction will be enhanced.

More stringent management over asset quality will be made. The management of project approval, customer credit and contracts will be strengthened. Inventory management will be strengthened at source. The procurement will be strictly based on sales orders. The ratio of receivables and inventories to income will be closely monitored to minimize occupation of funds. The Company will strengthen the assessment and tracking analysis of customers' solvency and control on receivables at source. Payment will be called and collected in a timely manner so as to facilitate capital recovery and strictly control risks and losses. Besides, the evaluation and management of the "Two Funds" will be brought to business frontline. The responsibility of reducing the "Two Funds" will be specified and linked to assessment of business performance. New non-performing assets and potential losses will be under stringent surveillance.

3. *Accelerating the development of sales platform for market expansion*

By developing the channel department and the Group's business department, the Company will further expand its market and attain larger market share in Chengdu and the southwest region. The Company will also strengthen team-building in the sales center and improve business training for adapting to requirements of the new business and market. Duties of the commerce department will be refined to enhance storage and delivery capacity.

4. *Improving organizational capacity*

Organizational capacity is a major source of core competitiveness which ensures the effective implementation of plans and strategies. After determining the new strategic direction, the Company will need to start from three aspects, namely staff thinking, staff management and staff ability, and make use of human resources approaches including assessment, rewards, organizational structure, information flow, allocation and training+development to cultivate and develop organizational capacity. A profit-oriented performance assessment system is gradually developed to form an enhanced and scientific appraisal mechanism. Assessments of the staff at all levels will also be strengthened to guarantee completion of quarterly and annual assessments in a timely manner.

5. *Continual improvement of internal control*

The Company will uphold and improve the overall risk management and internal control system establishment and strive to rectify the issues suggested by the accountants after conducting special audits for internal control. The Company will also leverage such opportunity to enhance the management of the internal control system of the Company. The Company will further rationalize the internal control systems and enhance the practicality and timeliness of such systems in order to facilitate the systematic establishment of the Company and regulate the establishment and revision of internal control system.

6. *Other matters related to management*

Technological innovation and breakthroughs are encouraged to boost core competitiveness and incentives will be offered for technological inventions, upgrades in existing technologies and application of research results which receive significant economic benefits. Technological advancement scheme will be refined to seek incentives from the government and continuously improve the QEHS management system. Meanwhile, the Company will organize QC groups to encourage frontline staff to participate in the reform and fine-tuning of management to improve product quality.

Adhering to the strong emphasis on production safety, the Company will implement the production safety in accordance with the requirements of the party and the government as well as the responsibilities of the Company to the society. Safety production inspection will be strengthened. The Company will strive to formulate a safety mechanism which shall be supervised by all employees under unified leadership at each level. The regulations, systems and measures for production safety will be further implemented in order to establish a consistently improving long-term mechanism for production safety. The Company will strengthen the 6S management on the production site and the management measures in daily operation control and management as well as adopting effective measures to mitigate potential safety hazards and eradicate serious accidents.

BASIC MEDICAL INSURANCE SCHEME FOR EMPLOYEES

The Company has participated in the basic medical insurance scheme for employees in Chengdu since October 2002. The Company made a total contribution amounting to approximately RMB2.41 million during the Year (2015: RMB2.39 million). The Board considered that the implementation of the basic medical insurance scheme for employees had no material impact on the financial status of the Company.

INCOME TAX

Pursuant to the document of High-tech Enterprises Recognition Committee of Sichuan Province (Chuan Gao Qi Ren [2015] No. 7), 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 2015 to 2017.

Pursuant to the document of High-tech Enterprises Recognition Committee of Sichuan Province numbered Chuan Gao Qi Ren [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 recognized 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.

PLEDGE OF ASSETS

During the Year, owing to sufficient working capital for production and operation, the Group did not obtain any new loan from banks which was secured by the Group's assets (2015: the Group did not obtain any loan from banks which was secured by the Group's assets).

RISK MANAGEMENT

The Group adheres to the principle that risk management must be in line with its strategies and serve its strategic concept while strengthening the risk classification and identification management and taking risk management as daily routine. The Group's risk management targets to seek the appropriate balance between the risks and benefits and to mitigate the effects of the risks caused on the Group's financial performance to the lowest level 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.

Industry competition risk

The Group faces intense competition from both state-owned enterprises and private companies in the market where the Group operates. Large-sized enterprises with high technology and complete industry chain gradually possess competitive advantages, showing a trend of the strong getting stronger and the weak getting weaker. The Group enhances its strategic development planning. The Company also makes full use of its capacity and resources as a state-owned enterprise to seize opportunities from development projects such as the establishment of private networks of governments, municipal

constructions and smart road networks, in order to expand sales in projects of government networks and smart cities and conduct sales of its featured products which are safe and environmentally friendly and develop its brand in the market segments.

Credit risk

The Group's credit risk is primarily attributable to receivables. The Group performs credit assessment on customers who use credit settlement on a continuous basis. The Company selects credible and reputable customers based on credit assessment result, and conducts ongoing monitoring on their net receivables, in order to avoid significant risks in bad debts.

Safety risk

The Group is a manufacturing enterprise. Safety risk is the probability of occurring accidents where accidents mean the events which causes casualties or major property damages. With respect to the risk control on production safety, the Company mainly increases expenditure in safety spending to improve safety facilities and labor protection measures. It also formulates a list of major hazard sources and critical environmental factors for key monitoring and strengthens safety training as well as inspection and rectification on safety hazards. It has zero tolerance to safety hazards and ensures production safety during operation according to the laws.

Interest risk

Interest risk is the risk that an enterprise may encounter fluctuation in fair value of financial instruments or future cash flows due to changes in market interest. The Group's interest risk relates mainly to borrowings with floating interest rate.

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 reserve talents and sets up a reserve talent pool by using 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 31 December 2016, the Group had 996 staff members.

The Group remunerates 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 AND CHANGE IN SHARE CAPITAL STRUCTURE

1. Share capital structure

During the year ended 31 December 2016, the Company had not made any arrangements for bonus issue, share placing and issuance of new shares. There was no change in the Company's share capital structure. The total number of shares issued by the Company was 400,000,000 shares, of which China Potevio Company Limited held 240,000,000 issued state-owned legal person shares, representing 60% of the issued share capital of the Company and the overseas shareholders of H shares held 160,000,000 shares, representing 40% of the issued share capital of the Company.

2. Shareholdings of the directors and supervisors

As at 31 December 2016, none of the directors, supervisors and chief executives of the Company nor their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities & Futures Ordinance ("SFO") (Chapter 571 of the Laws of Hong Kong)) as recorded in the register required to be kept by the Company 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 set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

3. Purchase, sale or redemption of listed securities of the Company

For the year ended 31 December 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

4. Convertible securities, share options, warrants or relevant entitlements

During the year ended 31 December 2016, the Group did not issue any convertible securities, share options, warrants or relevant entitlements.

5. Sufficient public float

According to public information available to the Company and to the best knowledge of each director, the Company confirmed that the public held sufficient shares during the year ended 31 December 2016 and as at the date of this announcement.

FINAL DIVIDEND

The Board did not recommend the payment of final dividend for the year ended 31 December 2016 (2015: Nil).

IMPORTANT EVENT SINCE THE END OF THE YEAR

Disposal of equity interest in a subsidiary

On 2 December 2016, the Board announced that the open bid relating to the proposed disposal at China Beijing Equity Exchange (北京產權交易所) was announced on 2 December 2016. Fasten Group Company Limited (the “Purchaser”), the current shareholder of Putian Fasten JV holding 24.8% equity interest in it, successfully bid to acquire 22.5% equity interest in Putian Fasten JV from the Company at the consideration of RMB116,176,500 (the “Consideration”). On 2 December 2016, the Company and the Purchaser entered into the Definite Agreement pursuant to which the Company agreed to sell and the Purchaser agreed to purchase 22.5% equity interest in Putian Fasten JV (the “Disposal”). The transaction certificate has been issued by the China Beijing Equity Exchange on 7 December 2016 and the Consideration was transferred to the Company and settled on 13 December 2016.

Prior to the Disposal, the Company was a controlling shareholder of Putian Fasten JV holding 45% equity interest in Putian Fasten JV and the Purchaser was also a substantial shareholder of Putian Fasten JV holding approximately 24.8% equity interest in Putian Fasten JV. Therefore, the Purchaser was considered a connected person of the Group at subsidiary level and the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As no shareholder has any material interest in the Disposal, no shareholder would be required to abstain from voting at a general meeting of the Company to approve the Disposal. Pursuant to Rule 14.44 of the Listing Rules, the Company has obtained a written approval from China Potevio Company Limited (“**China Potevio**”) regarding the Disposal. As at the date of this announcement, China Putian is the controlling shareholder of the Company and holds 240,000,000 domestic shares, representing 60% of the total share capital of the Company. No extraordinary general meeting of the Company will be convened for the purposes of considering and approving the Disposal. A circular dated 20 March 2017 containing, among other things, (i) further details of the Disposal and the Definite Agreement and (ii) financial information relating to Putian Fasten JV has been despatched to the shareholders.

Following the completion of the Disposal, Putian Fasten JV had ceased to be a subsidiary of the Company, as the equity interest held by the Company in Putian Fasten JV had decreased from 45% to 22.5% and the financial results of Putian Fasten JV had ceased to be consolidated into the consolidated financial statements of the Group.

CODE ON CORPORATE GOVERNANCE

Although the Company attached great importance to corporate governance and strives to comply with the Listing Rules and other relevant 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 financial year of the first half of 2015. Most of such continuing connected transactions were related to purchase or sales of optic fiber and relevant commodities from or to connected persons. Hence, during the Year, the Company adopted

remedial measures including publishing announcement, and seeking shareholders' approval and ensuring that information was announced in a timely manner. During the Year, the Board tried hard to improve disclosure about information and compliance matters of the Company.

Upon the change of session of the Board becoming effective on 12 November 2015, the number of independent non-executive directors and members of the Audit Committee of the Company were not in compliance with the minimum number requirements under Rules 3.10(1) and 3.21 of the Listing Rules. The proportion of independent non-executive directors in the Board also fell below the minimum requirement under Rule 3.10A of the Listing Rules, and the compositions of the Remuneration and Appraisal Committee and the Nomination Committee were not in compliance with Rule 3.25 of the Listing Rules and Code Provision A.5.1 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules. During the period, the Board has been seeking suitable candidates. Effective from 4 February 2016, Mr. Lin Zulun has been appointed as an independent non-executive director and a member of various Board committees to fill the relevant vacancies.

The Company will continue putting effort in complying with high standards of corporate governance so as to ensure better transparency of the Company and protection of interests of the shareholders and the Company as a whole. Save as disclosed above, the Company had complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers 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 to the directors and supervisors of the Company, the Board confirmed that all directors and supervisors had fully complied with the codes as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules during the Year.

AUDIT COMMITTEE OF THE BOARD (“AUDIT COMMITTEE”) AND REVIEW OF THE ANNUAL RESULTS

The Company established the Audit Committee in accordance with the Listing Rules. The members of the Audit Committee are Mr. Choy Sze Chung, Jojo (Chairman of the Audit Committee), Mr. Xiao Xiaozhou and Mr. Lin Zulun, all being the independent non-executive directors of the Company. The Audit Committee is responsible for matters such as conducting reviews of risk management, internal control and financial reports and has reviewed the Company's audited financial statements and annual results for the Year.

The Audit Committee considered that the audited financial statements and the annual results of the Company for the Year were in full compliance with the requirements of the applicable accounting standards, laws and regulations and appropriate disclosure was made.

ANNUAL REPORT AND ANNUAL GENERAL MEETING

The annual general meeting (“AGM”) for the Year will be held on Friday, 23 June 2017 at No. 18, Xinhang Road, the West Park of Hi-tech Development Zone, Chengdu, Sichuan Province, the PRC. Notice of the AGM will be announced separately. The Group’s annual report for the financial year ended 31 December 2016 and the notice of the AGM will be dispatched to its shareholders as soon as possible and will also be published on the Stock Exchange’s website (<http://www.hkexnews.hk>) and the Company’s website (<http://www.cdc.com.cn>).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 24 May 2017 to 23 June 2017 (both dates inclusive), during which period no transfer of shares will be registered.

In order to be qualified for attending and voting at the 2016 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s H share registrar, Hong Kong Registrars Limited at Rooms 1712-16, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for the holders of H shares; or the registered office of the Company at No. 18, Xinhang Road, the West Park of Hi-tech Development Zone, Chengdu, Sichuan Province, the PRC (postal code: 611731) for the holders of domestic shares for registration by 4:30 p.m. on 23 May 2017.

ACKNOWLEDGEMENT

I would like to thank the Board, the Supervisory Committee, the management and all of our staff for their hard work and dedication, as well as our shareholders and customers for their continuous support to the Group.

Notes:

1. This results announcement is prepared in both Chinese and English. Should there be any discrepancies between the two versions, the Chinese version shall prevail.
2. This results announcement will be published on the Stock Exchange’s website (<http://www.hkexnews.hk>) and the Company’s website (<http://www.cdc.com.cn>) in due course.

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

Chengdu, the PRC, 24 March 2017

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

Executive Directors: Mr. Zhang Xiaocheng (*Chairman*)
 Mr. Wang Micheng
 Ms. Liu Yun
 Mr. Han Shu
 Ms. Xu Liying
 Mr. Fan Xu

Independent Non-executive Directors: Mr. Choy Sze Chung, Jojo
 Mr. Xiao Xiaozhou
 Mr. Lin Zulun