

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Potevio

中国普天

成都普天電纜股份有限公司

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED*

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

(Stock Code: 1202)

2017 INTERIM RESULTS ANNOUNCEMENT

SUMMARY

- The Group recorded a turnover of RMB394,977,968.86 for the six months ended 30 June 2017 (the "Period"), representing a decrease of approximately 35.77% as compared to the corresponding period last year.
- During the Period, sales of copper cables, optical cables, optical fibers and related products amounted to RMB301,719,848.76, representing a decrease of approximately 49.49% as compared to the corresponding period last year. Sales of optical fibers by Chengdu SEI Optical Fiber Co., Ltd., a principal subsidiary of the Company, amounted to RMB175,657,652.50, representing an increase of approximately 47.63% as compared to the corresponding period last year. Sales of wire feed cables and other products by Chengdu Zhongling Radio Communications Co., Ltd. amounted to RMB30,370,379.41, representing an increase of approximately 71.56% as compared to the corresponding period last year. Sales of aluminum rods by Chongqing Putaifeng Aluminium Co., Ltd. amounted to RMB81,513,061.68, representing an increase of approximately 1,282.07% as compared to the corresponding period last year.
- During the Period, loss attributable to shareholders was RMB514,250.81, as compared with a loss of RMB12,722,761.20 recorded for the corresponding period last year. Profit attributable to minority shareholders was RMB15,930,871.28, as compared with a profit of RMB6,418,896.14 for the corresponding period last year.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017.

* For identification purposes only

The board of directors (the “Board”) and the directors (the “Directors”) of Chengdu PUTIAN Telecommunications Cable Company Limited* (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2017 (the “Period”) as follows:

CONSOLIDATED BALANCE SHEET — UNAUDITED

as at 30 June 2017

PREPARED BY: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

Monetary unit: RMB Yuan

Assets	<i>Note No.</i>	Closing balance of period	Opening balance of period
Current assets:			
Cash and bank balances		454,401,569.34	386,016,134.79
Settlement funds			
Loans to other banks			
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable	<i>III.1</i>	91,892,910.49	102,488,405.74
Accounts receivable	<i>III.2</i>	92,031,521.58	94,950,926.96
Advances paid		35,742,526.38	22,920,549.53
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Interest receivable			
Dividend receivable			
Other receivables		33,251,959.93	26,769,742.43
Reverse-REPO financial assets			
Inventories		148,609,396.30	160,106,903.80
Assets classified as held-for-sale			
Non-current assets due within one year			
Other current assets		<u>19,454,199.51</u>	<u>19,451,948.98</u>
Total current assets		<u><u>875,384,083.53</u></u>	<u><u>812,704,612.23</u></u>

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		4,836,237.00	7,186,275.00
Held-to-maturity investments			
Long-term receivable			
Long-term equity investments		127,468,684.72	123,978,116.68
Investment property		32,560,765.93	33,556,165.40
Fixed assets		255,676,291.97	260,511,886.18
Construction in progress		3,088,010.55	5,162,289.32
Construction materials			
Fixed assets disposal			
Biological assets			
Oil & gas assets			
Intangible assets		48,539,005.27	50,230,026.36
Development expenditures			
Goodwill			
Long-term prepayments			
Deferred tax assets		12,816,303.21	14,135,131.52
Other non-current assets			
		<hr/>	<hr/>
Total non-current assets		<u>484,985,298.65</u>	<u>494,759,890.46</u>
Total assets		<u><u>1,360,369,382.18</u></u>	<u><u>1,307,464,502.69</u></u>

Liabilities & Shareholders' Equity	<i>Note No.</i>	Closing balance of period	Opening balance of period
Current liabilities:			
Short-term borrowings			
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			
Accounts payable	<i>III.3</i>	122,318,034.54	101,691,287.30
Advances received		25,771,721.62	34,255,233.51
Proceeds from sale of repurchase financial assets			
Handling fee and commission payable			
Employee benefits payable		52,389,099.48	45,630,134.59
Taxes and rates payable		10,435,679.70	9,465,096.54
Interest payable			
Dividend payable			
Other payables		44,929,509.72	23,410,432.55
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>255,844,045.06</u>	<u>214,452,184.49</u>

Liabilities & Shareholders' Equity	<i>Note No.</i>	Closing balance of period	Opening balance of period
Non-current liabilities:			
Long-term borrowings		7,591,405.71	7,376,797.32
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Long-term payables			
Long-term staff remuneration payables			
Special payables			
Provisions			
Deferred income		64,957,629.94	66,725,801.88
Deferred tax liabilities		618,756.70	971,262.40
Other non-current liabilities			
		<hr/>	<hr/>
Total non-current liabilities		<u>73,167,792.35</u>	<u>75,073,861.60</u>
Total liabilities		<u>329,011,837.41</u>	<u>289,526,046.09</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		3,506,287.99	5,503,820.29
Special reserve			
Surplus reserve		8,726,923.61	8,726,923.61
General risk reserve			
Undistributed profit		-152,688,483.81	-152,174,233.00
Total equity attributable to the parent company		910,945,507.62	913,457,290.73
Non-controlling interest		<u>120,412,037.15</u>	<u>104,481,165.87</u>
		<hr/>	<hr/>
Total equity		<u>1,031,357,544.77</u>	<u>1,017,938,456.60</u>
		<hr/>	<hr/>
Total liabilities & shareholders' equity		<u>1,360,369,382.18</u>	<u>1,307,464,502.69</u>

CONSOLIDATED INCOME STATEMENT — UNAUDITED*for the six months ended 30 June 2017**PREPARED BY: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED**Monetary unit: RMB Yuan*

Items	<i>Note</i>	Current period	Prior period
I. Total operating revenue		394,977,968.86	614,928,334.30
Including: operating revenue	<i>III.4</i>	394,977,968.86	614,928,334.30
Interest proceeds			
Premium earned			
Revenue from handling charges and commission			
II. Total operating cost		375,191,431.86	620,139,786.61
Including: operating cost	<i>III.4</i>	316,500,877.68	505,750,260.75
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 & surcharges	<i>III.5</i>	4,930,426.41	3,231,865.82
Selling expenses		7,677,795.03	30,030,196.36
Administrative expenses		45,453,621.05	77,769,553.71
Financial expenses	<i>III.6</i>	-1,848,495.51	1,727,742.63
Assets impairment loss		2,477,207.20	1,630,167.34
Add: gains on changes of fair value (loss, expressed in negative figure)			
Investment income (loss, expressed in negative figure)		3,490,568.04	143,377.80
Including: investment income from associates and joint ventures		3,490,568.04	143,377.80
Gains on foreign exchange (loss, expressed in negative figure)			
Other income		1,994,871.94	

Items	Note	Current period	Prior period
III. Operating profit (loss, expressed in negative figure)		25,271,976.98	-5,068,074.51
Add: Non-operating revenue		99,178.83	5,950,119.60
Including: Gains on disposal of non-current assets		5,765.82	3,918,592.28
Less: Non-operating expenditures		199,247.71	124,595.84
Including: losses on disposal of fixed assets		30,992.45	43,794.28
IV. Total profit (total loss, expressed in negative figure)		25,171,908.10	757,449.25
Less: income tax expenses	<i>III.7</i>	9,755,287.63	7,061,314.31
V. Net profit (loss, expressed in negative figure)		15,416,620.47	-6,303,865.06
Net profit attributable to owners of parent company		-514,250.81	-12,722,761.20
Non-controlling interest income		15,930,871.28	6,418,896.14
VI. Other comprehensive income after tax	<i>III.8</i>	-1,997,532.30	-1,778,918.25
Net other comprehensive income attributable to owners of the parent company		-1,997,532.30	-1,778,918.25
(I) Other comprehensive income not reclassified subsequently to profit or loss			
1. Changes attributable to remeasurement on the net defined benefit liability/asset			
2. Items attributable to investees under equity method that will not reclassified to profit or loss			

Items	Note	Current period	Prior period
(II) Other comprehensive income to be reclassified subsequently to profit or loss		-1,997,532.30	-1,778,918.25
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		-1,997,532.30	-1,778,918.25
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			
VII. Total comprehensive income		13,419,088.17	-8,082,783.31
Items attributable to owners of parent company		-2,511,783.11	-14,501,679.45
Items attributable to non-controlling interest		15,930,871.28	6,418,896.14
VIII. Earnings per share (“EPS”):	<i>III.9</i>		
(I) Basic EPS (RMB/share)		-0.00	-0.03
(II) Diluted EPS (RMB/share)		-0.00	-0.03

CONSOLIDATED CASH FLOW STATEMENT — UNAUDITED

for the six months ended 30 June 2017

PREPARED BY: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

Monetary unit: RMB Yuan

Items	Note	Current period	Prior period
I. Cash flows from operating activities:			
Cash receipts from sale of goods or rendering of services		413,076,289.44	567,498,235.97
Net increase of client deposit and interbank deposit			
Net increase of central bank loans			
Net increase of loans from other financial institutions			
Cash receipts of original insurance contract premium			
Net cash receipts from reinsurance			
Net increase of policy-holder deposit and investment			
Net increase of trading financial assets disposal			
Cash receipts from interest, handling charges and commission			
Net increase of loans from others			
Net increase of repurchase			
Receipts of tax refund			
Other cash receipts related to operating activities		<u>71,602,591.71</u>	<u>51,482,480.81</u>
Subtotal of cash inflows from operating activities		<u>484,678,881.15</u>	<u>618,980,716.78</u>
Cash payments for goods purchased and services received		292,841,161.36	413,719,261.26
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		34,512,630.34	73,323,741.72
Cash payments of taxes and rates		25,112,620.43	28,635,081.09
Other cash payments related to operating activities		<u>81,519,562.72</u>	<u>65,548,115.32</u>
Subtotal cash outflows from operating activities		<u>433,985,974.85</u>	<u>581,226,199.39</u>
Net cash flows from operating activities		<u>50,692,906.30</u>	<u>37,754,517.39</u>

Items	<i>Note</i>	Current period	Prior period
II. Cash flows from investing activities:			
Cash received from return of investments			
Cash received from return on investments			
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		2,356,495.16	3,961,854.64
Net cash received from the disposal of subsidiaries & other business units			
Other cash receipts related to investing activities		_____	_____
Subtotal of cash inflows from investing activities		<u>2,356,495.16</u>	<u>3,961,854.64</u>
Cash paid for acquiring fixed assets, intangible assets and other long-term assets		4,685,199.55	27,364,881.21
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>4,685,199.55</u>	<u>27,364,881.21</u>
Net cash flows from investing activities		<u><u>-2,328,704.39</u></u>	<u><u>-23,403,026.57</u></u>

Items	<i>Note</i>	Current period	Prior period
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			
Cash received from borrowings			102,000,000.00
Cash received from issuing of bonds			
Other cash receipts related to financing activities			
Subtotal of cash inflows from financing activities		—	110,611,800.00
Cash repayments of borrowings		224,307.16	102,147,202.58
Cash paid for distribution of dividends or profits and for interest expenses		56,997.51	5,075,174.28
Including: cash paid for distribution of dividends or profits by subsidiaries to non-controlling owners			
Other cash payments related to financing activities			
Subtotal of cash outflows from financing activities		281,304.67	107,222,376.86
Net cash flows from financing activities		-281,304.67	3,389,423.14
IV. Effect of foreign exchange rate changes on cash & cash equivalents			
		158,308.05	4,816.27
V. Net increase in cash and cash equivalents			
Add: Opening balance of cash and cash equivalents		331,032,951.89	301,159,590.59
VI. Closing balance of cash and cash equivalents			
		379,274,157.18	318,905,320.82

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY — UNAUDITED

for the six months ended 30 June 2017

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		
	Share capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve			Undistributed profit
Preference shares		Perpetual bonds	Others										
I. Balance at the end of prior year	400,000,000.00				651,400,779.83		5,503,820.29		8,726,923.61		-152,174,233.00	104,481,165.87	1,017,938,456.60
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		5,503,820.29		8,726,923.61		-152,174,233.00	104,481,165.87	1,017,938,456.60
III. Current period increase (decrease, expressed in negative figures)							-1,997,532.30				-514,250.81	15,930,871.28	13,419,088.17
(I) Total comprehensive income							-1,997,532.30				-514,250.81	15,930,871.28	13,419,088.17
(II) Capital contributed or withdrew by owners													
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													
(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		3,506,287.99		8,726,923.61		-152,688,483.81	120,412,037.15	1,031,357,544.77

Items	Prior period														Total shareholders' equity
	Shareholders' equity attributable to parent company													Non-controlling interests	
	Share capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others			
Preference shares		Perpetual bonds	Others	Others									Others	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)							-1,778,918.25				-12,722,761.20		14,018,896.14	-482,783.31	
(I) Total comprehensive income							-1,778,918.25				-12,722,761.20		6,418,896.14	-8,082,783.31	
(II) Capital contributed or withdrew by owners															
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															
(III) Profit distribution													4,400,000.00	4,400,000.00	
1. Appropriation of surplus reserve															
2. Appropriation of general risk reserve															
3. Appropriation of profit to owners (shareholders)													4,400,000.00	4,400,000.00	
4. Others															
(IV) Internal carry-over within equity													3,200,000.00	3,200,000.00	
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													3,200,000.00	3,200,000.00	
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		5,066,592.19		8,726,923.61		-148,793,730.31		364,716,015.39	1,281,116,580.71	

NOTES

For the semi-annual ended 30 June 2017

Monetary unit: RMB Yuan

I. COMPANY PROFILE

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

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

These financial statements has been deliberated and approved by the 19th meeting of the 8th session of the Board of Directors of the Company on 25 August 2017.

The Company has brought 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 financial statements of the current period. 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”).

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

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

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

III. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

1. Notes receivable

(1) Details

Items	Book balance	Closing balance Provision for bad debts	Carrying amount
Bank acceptance	90,392,910.49		90,392,910.49
Trade acceptance	<u>1,500,000.00</u>		<u>1,500,000.00</u>
Total	<u>91,892,910.49</u>		<u>91,892,910.49</u>

Items	Book balance	Opening balance Provision for bad debts	Carrying amount
Bank acceptance	101,514,684.31		101,514,684.31
Trade acceptance	<u>973,721.43</u>		<u>973,721.43</u>
Total	<u>102,488,405.74</u>		<u>102,488,405.74</u>

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

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance	<u>36,486,999.72</u>	
Subtotal	<u>36,486,999.72</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 is still jointly liable to the holder of bank 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 Provision for bad debts		Carrying amount
	Amount	Proportion	Amount	Provision proportion	
		(%)		(%)	
Receivables of individually significant amount and with provision made on an individual basis					
Receivables with provision made on a collective basis using portfolios with similar credit risk features	127,552,050.89	87.33	35,520,529.31	27.85	92,031,521.58
Receivable of individually insignificant amount but with provision made on an individual basis	18,499,628.06	12.67	18,499,628.06	100.00	
Total	146,051,678.95	100.00	54,020,157.37	36.99	92,031,521.58

Categories	Book balance		Opening balance Provision for bad debts		Carrying amount
	Amount	Proportion	Amount	Provision proportion	
		(%)		(%)	
Receivables of individually significant amount and with provision made on an individual basis					
Receivables with provision made on a collective basis using portfolios with similar credit risk features	128,296,232.31	87.40	33,345,305.35	25.99	94,950,926.96
Receivable of individually insignificant amount but with provision made on an individual basis	18,499,628.06	12.60	18,499,628.06	100.00	
Total	146,795,860.37	100.00	51,844,933.41	35.32	94,950,926.96

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	67,321,469.83		
1–2 years	16,845,977.08	1,684,597.71	10.00
2–3 years	11,111,566.53	3,333,469.96	30.00
3–5 years	8,852,879.07	7,082,303.26	80.00
Over 5 years	23,420,158.38	23,420,158.38	100.00
Subtotal	<u>127,552,050.89</u>	<u>35,520,529.31</u>	<u>27.85</u>

Ages	Book balance	Opening 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	23,496,601.63	23,496,601.63	100.00
Subtotal	<u>128,296,232.31</u>	<u>33,345,305.35</u>	<u>25.99</u>

(2) *Age analysis*

Ages	Book balance	Closing balance Provision for bad debts	Provision proportion (%)
Within 1 year	67,321,469.83		
1–2 years	16,845,977.08	1,684,597.71	10.00
2–3 years	11,111,566.53	3,333,469.96	30.00
3–5 years	8,852,879.07	7,082,303.26	80.00
Over 5 years	41,919,786.44	41,919,786.44	100.00
Total	<u>146,051,678.95</u>	<u>54,020,157.37</u>	<u>36.99</u>

Ages	Book balance	Opening 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>41,996,229.69</u>	<u>41,996,229.69</u>	<u>100.00</u>
Total	<u>146,795,860.37</u>	<u>51,844,933.41</u>	<u>35.32</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 debts made, collected or reversed in current period

Provision for bad debts made in current period totaled RMB2,175,223.96.

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

Debtors	Book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
China Potevio Company Limited	18,952,402.36	12.98	
Chongqing Taishan Cable Co., Ltd.	12,979,065.80	8.89	
Shenzhen ZTE Kangxun Telecom Company Limited	11,835,648.38	8.10	
Daqing Oilfield Construction Group Co., Ltd.	4,146,298.00	2.84	3,317,038.40
Sichuan Petroleum and Natural Gas Construction Engineering Co., Ltd.	<u>3,884,826.20</u>	<u>2.66</u>	<u>1,002,647.86</u>
Subtotal	<u>51,798,240.74</u>	<u>35.47</u>	<u>4,319,686.26</u>

3. Accounts payable

(1) Details

Items	Closing balance	Opening balance
Borrowings	122,042,140.04	99,868,127.80
Payment for project and equipment		1,189,410.25
Others	<u>275,894.50</u>	<u>633,749.25</u>
Total	<u>122,318,034.54</u>	<u>101,691,287.30</u>

(2) Age analysis

Ages	Closing balance	Opening balance
Within 1 year	92,589,019.63	88,026,688.95
1–2 years	25,841,201.89	10,302,231.14
2–3 years	771,965.69	387,727.62
Over 3 year	<u>3,115,847.33</u>	<u>2,974,639.59</u>
Total	<u>122,318,034.54</u>	<u>101,691,287.30</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. Operating revenue/cost

Items	Current period		Prior period	
	Income	Cost	Income	Cost
Revenue from main operation	383,339,896.21	304,453,942.68	603,936,990.90	494,491,382.43
Revenue from other operation	<u>11,638,072.65</u>	<u>12,046,935.00</u>	<u>10,991,343.40</u>	<u>11,258,878.32</u>
Total	<u>394,977,968.86</u>	<u>316,500,877.68</u>	<u>614,928,334.30</u>	<u>505,750,260.75</u>

5. Taxes and surcharges

Items	Current period	Prior period
Business tax		277,346.97
Urban maintenance and construction tax	1,012,289.05	1,240,545.92
Education surcharge	433,806.36	531,878.83
Local education surcharges	289,201.31	354,585.89
Stamp tax <i>(Note)</i>	171,673.45	
Housing property tax <i>(Note)</i>	1,822,189.92	825,074.72
Urban land use tax <i>(Note)</i>	1,198,086.32	
Vehicle and vessel tax <i>(Note)</i>	3,180.00	
Price regulation fund		2,433.49
Total	<u>4,930,426.41</u>	<u>3,231,865.82</u>

Note: 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 and January to June 2017 through the “taxes and surcharge for operations” item and the amount for prior to May 2016 was reported through “administrative expenses” item.

6. Financial expenses

Items	Current period	Prior period
Interest expenditures	56,997.51	5,123,024.28
Including: Interest on bank borrowings, overdraft and other borrowings wholly repayable within five years		5,123,024.28
Less: Interest income	2,150,806.51	4,766,615.10
Exchange loss		1,001,734.22
Less: Exchange gain	2,682.24	
Handling charges	<u>247,995.73</u>	<u>369,599.23</u>
Total	<u>-1,848,495.51</u>	<u>1,727,742.63</u>

7. Income tax expenses

Items	Current period	Prior period
Current period income tax expenses	8,436,459.32	6,699,183.15
Deferred income tax expenses	<u>1,318,828.31</u>	<u>362,131.16</u>
Total	<u>9,755,287.63</u>	<u>7,061,314.31</u>

8. Other comprehensive income

Items	Current period				Attributable to parent company	Attributable to non-controlling interest	Closing balance
	Opening balance	Current period cumulative before income tax	Less: OCI carried forward transferred to profit or loss	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	5,503,820.29	-2,350,038.00		-352,505.70	-1,997,532.30		3,506,287.99
Total	5,503,820.29	-2,350,038.00		-352,505.70	-1,997,532.30		3,506,287.99

9. Calculation process of basic EPS and diluted EPS

(1) Calculation process of basic EPS

Items	Symbols	Current period	Prior period
Net profit attributable to shareholders of ordinary shares	A	-514,250.81	-12,722,761.20
Non-recurring profit or loss	B	1,695,776.91	6,210,771.72
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	-2,210,027.72	-18,933,532.92
Opening balance of total shares	D	400,000,000.00	400,000,000.00
Number of shares increased due to conversion of reserve to share capital or share dividend appropriation	E		
Number of shares increased due to offering of new shares or conversion of debts into shares	F		
Number of months counting from the next month when the share was increased to the end of the reporting period	G		
Number of shares decreased due to share repurchase	H		
Number of months counting from the next month when the share was decreased to the end of the reporting period	I		
Number of shares decreased in the reporting period	J		
Number of months in the reporting period	K	6.00	6.00
Weighted average of outstanding ordinary shares	$L = \frac{D + E + F \times G}{K - H \times I / K - J}$	400,000,000.00	400,000,000.00
Basic EPS	$M = \frac{A}{L}$	-0.00	-0.03
Basic EPS after deducting non-recurring profit or loss	$N = \frac{C}{L}$	-0.01	-0.05

(2) Calculation process of diluted EPS

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

IV INTEREST IN OTHER ENTITIES

(I) Equity 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

- 1) Basis of holding 50% or below of the voting rights but still control the investee and holding more than 50% of the voting rights but does not control the investee

As the Company by holding 40% equity of Chongqing Putaifeng Aluminium Co., Ltd. holds majority of voting rights in the Board, and through controlling its financial and operation decision, has a privileged variable return, therefore, the Company included Chongqing Putaifeng Aluminium Co., Ltd., into the consolidation scope of the consolidated financial statements.

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

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

- ① Scope of decision-making of the decision-maker in the investee.
- ② Substantive rights of other parties.
- ③ Remuneration level of the decision-maker.
- ④ Risk of variable returns of the decision-maker due to other interests held in the investee.

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	-23,777.39		1,623,390.53
Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant	33.33	-1,285,760.52		1,639,896.38
Chengdu SEI Optical Fiber Co., Ltd.	40.00	19,523,835.82		109,423,164.72
Chongqing Putaifeng Aluminium Co., Ltd.	60.00	-2,283,426.63		7,725,585.52

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

(1) *Assets and liabilities*

Expressed in RMB10,000.00

Subsidiaries	Current assets	Non-current assets	Closing balance			
			Total assets	Current liabilities	Non-current liabilities	Total liabilities
Chengdu Zhongling Radio Communications Co., Ltd.	9,556.11	960.36	10,516.47	5,641.42		5,641.42
Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant	1,373.11	9,594.14	10,967.25	4,019.47	6,455.76	10,475.23
Chengdu SEI Optical Fiber Co., Ltd.	30,067.99	4,185.95	34,253.94	6,898.14		6,898.14
Chongqing Putaifeng Aluminium Co., Ltd.	2,140.55	1,221.56	3,362.11	2,074.52		2,074.52

Subsidiaries	Current assets	Non-current assets	Opening balance			Total liabilities
			Total assets	Current liabilities	Non-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	10,899.15
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

(2) Profit or loss and cash flows

Expressed in RMB10,000.00

Subsidiaries	Operating revenue	Net profit	Current period	
			Total comprehensive income	Cash flows from operating activities
Chengdu Zhongling Radio Communications Co., Ltd.	3,102.81	-71.40	-71.40	-277.29
Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant	287.01	-385.77	-385.77	-88.02
Chengdu SEI Optical Fiber Co., Ltd.	17,630.26	4,880.96	4,880.96	4,398.14
Chongqing Putaifeng Aluminium Co., Ltd.	8,220.13	-380.57	-380.57	-130.97

Subsidiaries	Operating revenue	Net profit	Prior period	
			Total comprehensive income	Cash flows from operating activities
Chengdu Zhongling Radio Communications Co., Ltd.	1,796.92	-160.39	-160.39	-766.97
Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant	278.80	-2,027.95	-2,027.95	-223.68
Chengdu SEI Optical Fiber Co., Ltd.	11,944.98	2,605.39	2,605.39	5,521.71
Chongqing Putaifeng Aluminium Co., Ltd.	589.79	-39.01	-39.01	77.55

(II) Equity in joint venture or associates

1. Significant joint ventures or associates

Joint ventures or associates	Main operating place	Place of registration	Business nature	Holding proportion (%)		Accounting treatment
				Direct	Indirect	
Chengdu Yuexin Telecommunications Materials Co., Ltd.	Chengdu City	Chengdu City	Manufacture	35.00		Equity method
Chengdu Bada Connector Co., Ltd.	Chengdu City	Chengdu City	Manufacture	49.00		Equity method
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		
	Chengdu Yuexin Telecommunications Materials Co., Ltd.	Chengdu Bada Connector Co., Ltd.	Putian Fasten Cable Telecommunication Co., Ltd.
Current assets	9,198,212.05	65,190,034.93	809,008,202.83
Non-current assets	2,940,080.63	2,422,332.49	283,875,229.09
Total assets	12,138,292.68	67,612,367.42	1,092,883,431.92
Current liabilities	8,566,419.98	57,271,081.48	559,921,040.96
Non-current liabilities			10,473,980.97
Total liabilities	8,566,419.98	57,271,081.48	570,395,021.93
Non-controlling interest		105,404.45	
Equity attributable to owners of parent company	3,571,872.70	10,235,881.49	522,488,409.99
Proportionate share in net assets	1,250,155.45	5,015,581.93	117,559,892.25
Adjustments			
Others	222,751.07	4,525.41	225,032.54
Carrying amount of investments in associates	1,472,906.52	5,020,107.34	117,784,924.79
Fair value of equity investments in associates in association with quoted price			
Operating revenue	10,876,934.82	69,185,565.25	478,768,826.88
Net profit	-35,498.17	512,411.81	14,452,936.04
Net profit of discontinued operations			
Other comprehensive income			
Total comprehensive income	-35,498.17	512,411.81	14,452,936.04
Dividend from joint ventures received in current period			

Items	Opening balance/Prior period		
	Chengdu Yuexin Telecommunications Materials Co., Ltd.	Chengdu Bada Connector Co., Ltd.	Putian Fasten Cable Telecommunication Co., Ltd.
Current assets	9,754,992.75	57,708,427.94	673,496,691.11
Non-current assets	2,920,748.09	2,399,158.48	293,665,617.49
Total assets	12,675,740.84	60,107,586.42	967,162,308.60
Current liabilities	8,746,097.06	50,272,883.63	448,782,742.83
Non-current liabilities			10,373,980.97
Total liabilities	8,746,097.06	50,272,883.63	459,156,723.80
Non-controlling interest		101,997.53	
Equity attributable to owners of parent company	3,929,643.78	9,732,705.26	508,005,584.80
Proportionate share in net assets	1,375,375.32	4,769,025.58	114,301,256.58
Adjustments			
Others	109,955.56	-0.03	231,757.60
Carrying amount of investments in associates	1,485,330.88	4,769,025.55	114,533,014.18
Fair value of equity investments in associates in association with quoted price			
Operating revenue	27,754,882.02	126,760,209.69	
Net profit	529,648.61	847,603.06	
Net profit of discontinued operations			
Other comprehensive income			
Total comprehensive income	529,648.61	847,603.06	
Dividend from joint ventures received in current period			

V · OTHER SIGNIFICANT EVENTS

(I) Segment information

1. Identification basis and accounting policies for reportable segments

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

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

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

2. *Financial information of reportable segments*

Items	Current period					Inter-segment offsetting	Total
	Copper cable and related products	Optical cable and related products	Cable Conduct and Related products	Aluminum rod and Related products			
Revenue from main operations	126,062,196.26	175,657,652.50	106,985.77	81,513,061.68			383,339,896.21
Cost of main operations	120,452,934.52	107,933,489.36	57,039.59	83,663,528.69	7,653,049.48		304,453,942.68
Total assets	1,099,907,252.61	342,539,358.09	109,672,502.53	33,621,172.36	225,370,903.41		1,360,369,382.18
Total liabilities	189,828,215.62	68,981,446.30	104,752,321.37	20,745,196.48	55,295,342.36		329,011,837.41

Items	Prior period					Inter-segment offsetting	Total
	Copper cable and related products	Optical cable and related products	Cable Conduct and Related products	Aluminum rod and Related products			
Revenue from main operations	109,389,478.91	487,930,501.21	729,997.27	5,897,911.89	10,898.38		603,936,990.90
Cost of main operations	102,331,528.82	391,969,300.06	909,439.49	5,764,388.67	6,483,274.61		494,491,382.43
Total assets	1,097,835,510.10	1,170,700,589.10	134,931,324.69	33,385,847.97	441,932,820.08		1,994,920,451.78
Total liabilities	136,024,039.23	493,825,542.75	113,844,882.20	13,775,919.85	43,666,512.96		713,803,871.07

(II) Other financial information

Items	Closing balance		Opening balance	
	Consolidated	Parent company	Consolidated	Parent company
Net current assets	619,540,038.47	374,497,947.35	598,252,427.74	392,032,336.31
Total assets less current liabilities	1,104,525,337.12	869,938,732.99	1,093,012,318.20	897,089,717.65

MANAGEMENT DISCUSSION AND ANALYSIS

(I) Results analysis

During the Period, the Group was principally engaged in the manufacturing and sale of various types of telecommunication cables, optical fibers and aluminum rods.

During the Period, the Group recorded a turnover of RMB394,977,968.86, representing a decrease of approximately 35.77% as compared to the corresponding period last year.

During the Period, sales of copper cables, optical cables, optical fibers, aluminum rods and related products amounted to RMB301,719,848.76, representing a decrease of approximately 49.49% as compared to the corresponding period last year. Sales of optical fibers by Chengdu SEI Optical Fiber Co., Ltd., a principal subsidiary of the Company, amounted to RMB175,657,652.50, representing an increase of 47.63% as compared to the corresponding period last year. Sales of wire feed cables and other products by Chengdu Zhongling Radio Communications Co., Ltd. amounted to RMB30,370,379.41, representing an increase of 71.56% as compared to the corresponding period last year. Sales of aluminum rods by Chongqing Putaifeng Aluminium Co., Ltd. amounted to RMB81,513,061.68, representing an increase of approximately 1,282.07% as compared to the corresponding period last year.

The decline in principal businesses was mainly due to the discontinuation of the consolidation of Putian Fastern Cable Telecommunication Co., Ltd. (普天法爾勝光通信有限公司) from December 2016 as the Company has already transferred its 22.5% equity interest in the aforesaid company on 2 December 2016.

(II) Review of principal operations

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

In the first half of 2017, to pursue the principles of “innovation, integration and capital management”, the Company strived for efficient implementation of business strategies, better market synergy effects and effective sharing of resources. Operation of major projects was refined to boost business development. The Company applied new concepts to improve its management. Continuous efforts were made to enhance its professional and standardized management ability to ensure the sustainable and healthy development of its production and operation.

1. *Preparing the list of issues to enhance the quality and efficiency as well as reform and development of the Company.*

As required by the Supervisory Committee, the Company has prepared the list of issues since February, which comprised the implementation of the major decisions of the Central Committee of the Communist Party of China and the State Council as well as the three major categories consisting of work planning of the SASAC, corporate operation and management and corporate Party construction. Pursuant to the requirement of “taking actions immediately after notice and making prompt rectifications”, the Company set up rectification groups with respect to eight major issues, namely innovative operation, reducing the “Two Funds”, cost management, quality management, human resources management, informatization and loss-making enterprises governance, disposal of inefficient and ineffective assets, in order to carry out rectification measures immediately with respect to the issues.

2. *Further promoting full coverage of informatization to enhance the level of informatization.*

The Company included the network of its subsidiaries into the network of the Company to form a local area network which can access the information systems of the headquarters. Planning, debugging and training on the decision-making system were conducted. The Company further enhanced its function modules and modified and added seven OA procedures to timely carry out maintenance to the systems.

3. *Putting more efforts in reducing the “Two Funds” and designating the responsibilities of reducing the “Two Funds”.*

The Company set up a special group for reducing the “Two Funds”. A meeting was convened in March to initiate the reduction in the “Two Funds”. The departments prepared the data of the “Two Funds” and formulated measures to reduce the “Two Funds”. The Company started to reduce the “Two Funds” in May. The Company also made amendments to the Accounts Receivable Management System and verified the status of collecting accounts receivable every month.

4. *Accelerating the establishment of sales platform to expand market size.*

The Company expanded its market size based on the principle of “sharing”. It accelerated the establishment of the sales platform to allow its businesses to share its marketing platform for encouraging its products to acquire larger market share in Chengdu and Southwest markets. The Company strengthened the establishment of staff teams in sales centers and enhanced training according to the changes in the product mix so as to adapt to the requirements of new businesses and new markets. The Company also carried out risk management and control on its businesses and examined and approved the deliveries according to signed contracts based on the contract details. The deliveries according to contracts not yet signed were examined and approved based on the credit limit as approved by the business departments.

5. *Regulating procurement and tender and strengthening centralized procurement management.*

In order to further improve procurement management and strengthen centralized procurement management, pursuant to the relevant requirements of the SASAC of the State Council and China Potevio in relation to the improvement in procurement management, the Company established a procurement center which worked with the audit, supervision and legal affair department in the same office. The Centralized Procurement Management System was formulated, which provided for the centralized procurement plans of the office supplies, low-cost consumables, computers and consumables, labor protection appliance, property insurance and productive materials under centralized procurement of the headquarters and the holding companies of the Company. In order to strengthen the internal control of the procurement and payment for the Company's materials, plug loopholes in procurement and mitigate procurement risks, the Company formulated the Procurement and Payment Internal Control System.

6. *Further promoting internal control*

Adhering to the spirit in the guidance of the SASAC and China Potevio in relation to strengthening overall risk management and taking serious measures to internal control system establishment, the Company seriously took rectification measures with respect to the issues identified in the special audit on the internal control system and in turn took this opportunity to enhance its management on the internal control system. By organizing the headquarters and the holding companies of the Company to carry out a comprehensive examination on risk management and internal control system, the Company amended a series of regulations and systems in relation to risk management and internal control. It also prepared, amended and published the Chengdu Putian Internal Control Manual.

7. *Implementing performance appraisal on all employees in all aspects*

Pursuant to the performance management measures, remuneration and incentive measures and other requirements of the Company, the Company carried out an annual performance appraisal on its departments and all employees based on the relevant indicators for annual targets with the use of balanced scorecards, and cashed in the appraisal results. At the same time, according to the annual target of the Company and with reference to the strategic planning, management diagnosis and special work on the list of issues, the Company formulated annual and quarterly targets for departments and enhanced performance appraisal.

8. *Strengthening management on related party transactions*

In the first half of the year, the Company strengthened its management on related party transactions by amending the Related Party Transaction Management System, enhancing and regulating the duties and responsibilities the operating units and the functional departments of the Company, specifying the regulations on penalties and including the performance of the

responsibilities of related party transactions of the units into the target appraisal of such units. The Company also organized the operating units to sign the Related Party Transaction Responsibility Statement according to their related party transactions of the year.

9. Other matters related to management

In the first half of the year, the Company obtained three patents on new utility models and strived for government incentives by reporting the projects. The Company continued to improve its QEHS management system and planned and communicated the integration of the quality management system according to the needs of its subsidiaries.

By strengthening strategic planning and research, the Company completed its ten-year (2017-2026) strategic planning preparation and the first draft of its three-year rolling plan.

The Company enhanced safety production inspections, further implemented the regulations, systems and measures regarding safety production and continued to optimize the long-term mechanism for safety production. The Company also formulated a new Safety Production Management Internal Control System and put such system into trial operation. Safety inspections were conducted every month.

With respect to Party-masses work, the Company carried out learning and education activities on “Two Studies, One Action (兩學一做)” in a deep-going way to promote the normalization and institutionalization of the ideology and politics construction of the Party. The Company opened a WeChat Official Account called “Chengdu Putian” to push notifications, which achieved the integration of new and old media.

(III) Financial analysis

As at 30 June 2017, the Group’s total assets amounted to RMB1,360,369,382.18, representing an increase of 4.05% from RMB1,307,464,502.69 as at the end of last year, of which the total non-current assets amounted to RMB484,985,298.65, accounting for 35.65% of the total assets and representing a decrease of 1.98% from RMB494,759,890.46 as at the end of last year.

As at 30 June 2017, total current assets amounted to RMB875,384,083.53, accounting for 64.35% of total assets and representing an increase of 7.71% from RMB812,704,612.23 as at the end of last year. The cash inflow from operating activities of the Group during the Period amounted to RMB484,678,881.15 while the cash inflow for the corresponding period last year was RMB618,980,716.78.

As at 30 June 2017, the Group’s bank balances and cash (including deposits with encumbrance) amounted to RMB454,401,569.34, representing an increase of 17.72% from RMB386,016,134.79 as at the end of last year.

As at 30 June 2017, the Group's total liabilities amounted to RMB329,011,837.41 (as at 31 December 2016: RMB289,526,046.09). The liability-to-total-asset ratio was 24.19%, representing an increase of 2.05% as compared with 22.14% as at the end of last year. Bank and other borrowings due within one year amounted to RMB0.

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

During the Period, the Group's distribution costs, administrative and other operating expenses and finance costs amounted to RMB7,677,795.03, RMB45,453,621.05 and RMB-1,848,495.51 respectively, representing a decrease of 74.43%, a decrease of 41.55% and a decline of RMB3,576,238.14 from RMB30,030,196.36, RMB77,769,553.71 and RMB1,727,742.63 respectively in the corresponding period last year.

During the Period, the average gross profit margin of the Group was 19.87%, representing an increase of 2.12% from 17.75% in the corresponding period last year.

1. *Analysis of liquidity*

As at 30 June 2017, the Group's current ratio and quick ratio were approximately 3.42 and 2.84 respectively.

2. *Analysis of financial resources*

As at 30 June 2017, the Group's short-term bank loans and other loans amounted to RMB0. As the Group's bank deposits and cash amounted to RMB454,401,569.34, the Group has smaller exposure to short term solvency risk.

3. *Capital structure of the Group*

The Group's capital resources are derived from bank loans and proceeds from shares issued by the Company. To ensure reasonable utilization of the Group's capital, the Group has established a stringent and sound financial management system. During the Period, no inappropriate conduct, such as default in repayment of due debts and failure of performance of due obligations, was noted.

In the future, the Group will strengthen the control and management of funds so that they can be fully utilized under normal production and operation.

4. *Contingent liabilities*

As at 30 June 2017, the Group had no contingent liabilities (31 December 2016: Nil).

(IV) Business Outlook

In the second half of the year, centering on the “Five Major Concepts” and the “Five Major Missions”, the Company will deepen reform and innovation and enhance its development momentum. The Company aims to achieve industry transformation through the concept of “innovation”, implement strategic goals through the concept of “coordination”, optimize product portfolio through the concept of “green operation”, enhance corporate competitiveness through the concept of “mind-opening”, and expand its market share through the concept of “sharing”. The Company strives to complete the goals for 2017 while maintaining the healthy operations of the Company.

I. *Optimizing industry structure on continuous basis and accelerating business transformation and upgrade*

Striving for the five major development concepts of “innovation, coordination, green operation, mind-opening and sharing”, the Company will implement its five major missions of “capacity reduction, inventory depletion, deleveraging, cost lowering and shoring up weak spots”, deepen reform and innovation, accelerate structure adjustment, and facilitate business transformation and upgrade.

According to its strategic development planning, the Company will solidify its three business segments and develop new businesses relating to the principal activities of China Putian through capital operations. The optical telecommunication business will maintain its growth as a business having traditional 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.*

Leveraging favorable national policies for the development of information industry, and sticking to the development and application trend of optical telecommunication technology, the Company will continue to enhance its competitiveness in self-owned optical telecommunication industry chain, expand the scale of optical fiber, optimize product structure and manufacture specialized optical fiber, thus establishing a strong foundation for the sustainable development of optical telecommunication industry. Making use of the products characterized as having high gross profit, the Company will maximize its competitive edges on regional and state-owned enterprise platform. It will continue to expand the sales of optical fibers as an operator with brand advantage in local markets. The Company will also make full use of its capacity and resources as a state-owned enterprise to seize opportunities in 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.

2. *Taking high-end electrical equipment cable as the Company's core products to promote the growth in energy transmission cable business as a pivotal business of the Company.*

In respect of energy transmission cable industry, the Company will accelerate the transformation of metal cable products, such as copper cables. Adhering to the national development strategy on, among other things, integrated transportation network, clean energy and smart grids, and focusing on developing high-end electrical equipment cables (such as cables for railway transportation), the Company will expand the proportion of transmission cable products using wind power, photoelectricity and nuclear energy, develop smart grid products (such as optic electric composite cables), improve its technology and product quality, and enhance its competitiveness in sustainable development.

3. *Seeking to upgrade business towards the provision of comprehensive solutions by consolidating resources, actively implementing the strategic cooperation agreement between China Putian and Chengdu Municipal Government, and developing smart electrical equipment cable business in the southwest region.*

Adhering to the concept of “green operation”, the Company will optimize its product structure. The Company will strengthen the strategic cooperation with local governments through China Putian. Focusing on the needs of smart city construction in key development area of western China, the Company will promote electrical products (such as smart residence) and LED energy-saving lighting. It will also introduce the smart electrical industry in addition to the cable industry from China Putian, thus expanding the room for corporate development in the future.

II. *Deepening reform and innovation, as well as enhancing corporate management*

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

1. *Promoting refined management and improving management efficiency.*

Based on the list of issues, the Company will manage the identified issues, and formulate and implement rectification measures as planned. The Company will implement rectification measures focusing on six key issues, i.e. enterprises with poor corporate governance as concerned by the Supervisory Committee and China Putian, inefficient and invalid asset disposal, accelerating the resolution of historical issues, commencement of specific works for “capacity reduction, inventory depletion, deleveraging and cost lowering”, strengthening of centralized fund management, and strengthening of centralized management for procurement and tendering.

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, which will improve the guiding function of budgeting in production and operation. The Company will continue to facilitate its works on reducing the “Two Funds”.

The Company will optimize the business procedures of information system, thus realizing the online application of relevant businesses and procedures of information system on mobile devices. The Company will facilitate centralized procurement, strengthen procurement management, and reduce procurement costs. The Company will continue to improve technology innovation and quality management system, and enhance the operation standards of new media.

2. *Optimizing resources allocation and facilitating synergy development.*

The Company will improve the strategic guidance and enhance its core competitiveness in the industry. It will streamline the management procedures, enhance management efficiency and reallocate resources to principal operations. The Company will actively seek government-funded projects, and continue to complete the coordination works with government based on the project progress. In compliance with government policy, the Company will continue to complete the declaration of various government subsidies.

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

The Company will strengthen its comprehensive risk management, thus realizing lawful operation at all levels, with all significant decisions, constitutional system and contracts being reviewed and approved in accordance with laws. The Company will establish the comprehensive risk management system covering project establishment, credit management of customers and suppliers, and dynamic execution and traceability of contracts. The Company will strictly perform contract assessment procedures. The Company will adopt dynamical monitoring for issues involving significant risks. The Company will strengthen its internal audit, and continue to improve and revise the internal control manual of the Company.

The Company will strengthen its safety production management. It will adhere to its safety works at all levels in order to prevent the occurrence of safety production accident and ensure smooth production and operation of the Company.

Focusing on related party transaction management, the Company will ensure disclosures are made in compliance with the laws. Each operating unit will be required to prepare a budget management for related party transactions for the coming year. The Company will strictly execute procedures for approval of related party transactions and disclose relevant information in a timely manner.

4. *Improving organizational capacity and strengthening human resources management*

The Company will start from three aspects, namely staff mindset, staff management and staff ability, and make use of human resources approaches including assessment, rewards, organizational structure, information flow, allocation and training and 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 staff at all levels will also be strengthened to guarantee completion of quarterly and annual assessments in a timely manner.

(V) Important Event

1. *Appointment of Executive Director*

On 13 January 2017, the Board of the Company announced that Ms. Liu Yun was appointed as an executive Director and a member of the Nomination Committee of the Company with effect from 13 January 2017.

OVERDUE TIME DEPOSITS

As at 30 June 2017, the Group did not have any deposit and trust deposit with non-banking financial institutions nor time deposits that cannot be recovered on maturity.

ENTERPRISE INCOME TAX

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. The three subsidiaries above had applied for reassessment in accordance with the requirements during the Period. Based on the past experience, it is expected they will pass the reassessment by October. Therefore, the three subsidiaries above still withheld the income tax at the preferential tax rate of 15% during the Period.

PLEDGE OF ASSETS

As at 30 June 2017, owing to the needs for production and operation, the Group obtained loans of RMB0 from banks which were secured by the Group's assets (as at 31 December 2016: RMB0).

RISK MANAGEMENT

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

Industry competition risk

The Group faces intense competition from both state-owned enterprises and private companies in the market which the Group operates. Sizeable 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". Therefore, the Group enhanced its strategic development planning. The Company also made full use of its capacity and resources as a state-owned enterprise to seize opportunities in 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.

Liquidity risk is the risk that the Company may encounter deficiency of funds in meeting obligations associated with settlements by cash or other financial assets, which is possibly attributable to failure in selling financial assets at fair value on a timely basis, or failure in collecting liabilities from counterparts of contracts, or early redemption of debts, or failure in achieving estimated cash flows.

In order to control such risk, the Company utilized financing tools comprehensively such as notes settlement, bank borrowings, etc. and adopted long-term and short-term financing methods to optimize financing structures, and finally maintained a balance between financing sustainability and flexibility. The Company has obtained credit limit from several commercial banks to meet working capital requirements and expenditures.

Foreign exchange risk

Foreign exchange risk is the risk arising from changes in fair value of financial instruments or future cash flows resulted from changes in exchange rate. The Company's foreign exchange risk relates mainly to foreign currency monetary assets and liabilities. When short-term imbalance occurs to foreign currency assets and liabilities, the Company may trade foreign currency at market exchange rate when necessary, in order to maintain the net risk exposure within an acceptable level.

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 which causes casualties or major property damages. With respect to the risk control on production safety, the Company increases expenditure in safety spending mainly to improve safety facilities and labour 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 reserved talents and sets up a reserved talent pool through the information system so as to provide a basis for the promotion of staff and selection of talents.

STAFF AND REMUNERATION POLICY OF THE GROUP

As at 30 June 2017, the Group had 998 staff members (as at 31 December 2016: 965 staff members). As at 30 June 2017, the remuneration for staff members was RMB44,891,707.61 (the corresponding period of 2016: RMB87,886,349.83, including the amount for Putian Fasten Cable Telecommunications Company Limited, which had been deconsolidated from December 2016 onwards).

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

SHAREHOLDING OF SHAREHOLDERS AND CHANGE OF SHARE CAPITAL STRUCTURE

1. Share capital structure

During the Period, the Company did not make any arrangements for bonus issue, placing or increase of shares or offering of new shares of the Company. During the Period, there was no change in the Company's total share capital and share capital structure. The total issued share capital of the Company remained at RMB400,000,000 divided into 400,000,000 shares with a nominal value of RMB1.00 each, comprising 240,000,000 domestic state-owned legal person shares and 160,000,000 overseas issued shares ("H Shares"), representing 60% and 40% of the issued share capital of the Company, respectively.

2. Shareholdings of substantial shareholders

As at 30 June 2017, the largest shareholder of the Company was China Potevio Company Limited which held 240,000,000 state-owned legal person shares, representing 60% of the issued share capital of the Company. As at 30 June 2017, HKSCC Nominees Limited ("HKSCC", holding shares of the Company on behalf of various customers) held 155,968,999 H Shares, representing 38.99% of the issued share capital of the Company.

During the Period, the Board was not aware of any person holding any interests or short positions in shares or underlying shares of the Company which are required to be disclosed pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"). As shown in the register of substantial shareholders of the Company maintained under Section 336 of the SFO, the Company has been notified by shareholders holding 5% or more of the Company's issued H Shares, that these are interests other than those held by the directors (the "Directors"), supervisors (the "Supervisors") or the chief executive of the Company which have already been disclosed.

As indicated by HKSCC, as at 30 June 2017, the Central Clearing and Settlement System ("CCASS") participants holding 5% or more of the total issued H Shares of the Company are shown as follows:

CCASS participants	Number of Shares held as at 30 June 2017	Percentage of H Shares	Percentage of total issued share capital
The Hongkong & Shanghai Banking Corporation Limited	16,715,000	10.44%	4.18%
Bank of China (Hong Kong) Limited	13,474,000	8.42 %	3.37%
BOCI Securities Limited	9,911,000	6.19 %	2.48%

Save as disclosed above, as at 30 June 2017, the Company was not aware of any other shareholding interests which are required to be disclosed pursuant to the SFO. The Board was not aware of any person holding, directly or indirectly, 5% or more of the interests in the issued H Shares of the Company.

3. Shareholdings of Directors and Supervisors

As at 30 June 2017, none of the Directors, Supervisors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) recorded in the register as required under Section 352 of the SFO or which were otherwise required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

4. Sufficient public float

According to public information available to the Company and to the best knowledge of each Director, the Company confirmed that a sufficient public float was maintained during the reporting period and as at the date of this announcement.

5. Purchase, sale or redeem of listed securities of the Company

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

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

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

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (no interim dividend was paid for the six months ended 30 June 2016).

AUDIT COMMITTEE

At present, the members of the audit committee of the Board of the Company (the “Audit Committee”) are Mr. Choy Sze Chung, Jojo (Chairman), Mr. Xiao Xiaozhou and Mr. Lin Zulun, and all of them are independent non-executive Directors of the Company.

The Audit Committee is primarily responsible for the internal control and financial review and reporting matters of the Company and making recommendation to the Board on the appointment and/or removal of external auditors. The Audit Committee has reviewed the Group's unaudited interim consolidated financial statements and interim results for the six months ended 30 June 2017. The Audit Committee considers that the interim consolidated financial statements and interim results for the six months ended 30 June 2017 have complied with the requirements of applicable accounting standards and the laws and appropriate disclosures were made.

CODE ON CORPORATE GOVERNANCE

Although the Company attached great importance to corporate governance and strived 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 optical fibers and relevant commodities from or to connected persons. Hence, during the Year, the Company has 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 has 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 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. The Board had been seeking suitable candidates. On 4 February 2016, Mr. Lin Zulun was 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 into 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 has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the Year.

COMPLIANCE WITH THE MODEL CODE

During the Period, the Company had adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors and Supervisors of the Company.

After specific enquiries, the Board is pleased to report that all Directors and Supervisors have confirmed their full compliance with the Model Code during the Period.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cdc.com.cn>).

The 2017 interim report of the Company will be dispatched to the shareholders and will be available for inspection at the above websites in due course.

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

Chengdu, the PRC, 25 August 2017

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

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

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