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Potevio

中国普天

成都普天電纜股份有限公司

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED*

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

(Stock Code:1202)

2014 INTERIM RESULTS ANNOUNCEMENT

SUMMARY

The Group recorded a turnover of RMB483,674,463.20 for the six months ended 30 June 2014 (the "Period"), representing an increase of 7.75% as compared to the corresponding period last year.

- During the Period, sales of copper cables and related products amounted to RMB150,574,072.07, representing an increase of 10.03% as compared to the corresponding period last year. Sales of optical fibres by Chengdu SEI Optical Fiber Co., Ltd., a principal subsidiary of the Company, amounted to RMB89,467,291.62, representing an increase of 13.38% as compared to the corresponding period last year. Sales of heat shrinkable joining sleeves and other products by Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant amounted to RMB21,843,762.77, representing a decrease of 10.04% as compared to the corresponding period last year. Sales of optical fibres and optical cables by Putian Fasten Cable Telecommunication Co., Ltd. amounted to RMB227,192,996.86, representing an increase of 5.40% as compared to the corresponding period last year.
- During the Period, loss attributable to the shareholders was RMB23,323,054.56, as compared to a loss of RMB29,442,011.27 recorded for the corresponding period last year. Loss attributable to minority shareholders was RMB3,036,707.62, as compared to a profit of RMB10,643,330.56 for the corresponding period last year.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2014.

* For identification purposes only

The board of directors (the “Board”) and the directors (“Directors”) of Chengdu PUTIAN Telecommunications Cable Company Limited* (the “Company”) announced the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2014 (the “Period”) are set out as follows:

CONSOLIDATED BALANCE SHEET – UNAUDITED

Made by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

30 JUNE 2014

Monetary unit: RMB

Item	Notes	End of period	Beginning of period
Current assets:			
Cash and bank balances		225,319,040.16	379,793,686.19
Reserved deposits			
Loans to other banks			
Transactional financial assets			
Bills receivable	IV.1	101,017,794.10	85,549,034.50
Accounts receivable	IV.2	359,530,865.69	272,577,132.00
Prepayments		27,883,954.69	26,685,368.50
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance accounts receivable reserve			
Interest receivable		146,666.68	
Dividends receivable			
Other receivables		111,295,728.77	95,306,038.33
Put option			
Inventories		258,719,142.44	253,920,679.23
Current Portion of non-current assets			
Other current assets		100,000,000.00	50,094,764.09
Total current assets		<u>1,183,913,192.53</u>	<u>1,163,926,702.84</u>

Item	End of period	Beginning of period
Non-current assets:		
Loans and advances		
Available-for-sale financial assets	11,954,592.00	12,670,320.00
Held-to-maturity investment		
Long-term accounts receivable		
Long-term equity investments	5,449,019.44	5,394,593.42
Investment property	16,031,892.74	7,047,402.35
Fixed assets	546,988,202.12	573,592,459.75
Construction in progress	52,262,229.52	26,713,325.99
Construction material		869,295.66
Disposal of fixed assets		146,343.16
Productive Biological Assets		
Oil and gas		
Intangible assets	117,910,384.10	119,444,182.80
Development cost		
Goodwill	21,985,780.47	21,985,780.47
Long term prepaid expenses	5,315,889.32	
Deferred tax assets	24,399,917.03	24,462,559.83
Other non-current assets		
	<hr/>	<hr/>
Total non-current assets	802,297,906.74	792,326,263.43
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Total assets	<u>1,986,211,099.27</u>	<u>1,956,252,966.27</u>

Item	<i>Notes</i>	End of period	Beginning of period
Current liabilities:			
Short term loans		225,000,000.00	225,000,000.00
Borrowings from central bank			
Deposits taking and inter-bank deposits			
Loans from other banks			
Transactional financial liabilities			
Bills payable			
Accounts payable	<i>IV.3</i>	234,185,509.15	162,713,039.47
Receipt in advance		3,813,396.84	6,048,878.76
Call option			
Handling charges and commissions payable			
Staff remuneration payables		20,926,528.06	23,552,785.71
Tax payable		-23,946,603.31	-15,942,198.79
Interest payable		8,800.00	
Dividend payable			
Other payables		57,398,700.54	56,785,561.02
Premium payable for reinsurance			
Net provision for insurance contracts			
Amount payable to securities broker			
Amount payable to securities underwriter			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		<u>517,386,331.28</u>	<u>458,158,066.17</u>

Item	End of period	Beginning of period
Non-current liabilities:		
Long term loans	9,064,058.86	9,090,296.75
Bonds payable		
Long-term accounts payable		
Designate accounts payable	402,000.00	302,000.00
Provision		
Deferred tax liabilities	11,916,026.44	12,436,849.48
Other non-current liabilities	79,960,502.88	81,815,443.08
	<hr/>	<hr/>
Total non-current liabilities	101,342,588.18	103,644,589.31
	<hr/>	<hr/>
Total liabilities	618,728,919.46	561,802,655.48
	<hr/>	<hr/>
Equity:		
Share capital	400,000,000.00	400,000,000.00
Capital reserve	659,022,747.12	659,631,115.92
Less: treasury shares		
Special reserve		
Surplus reserve	8,726,923.61	8,726,923.61
General risk reserve		
Retained earnings	-89,261,299.83	-65,938,245.27
Translation reserve		
	<hr/>	<hr/>
Total equity attributable to the equity holders of the Company	978,488,370.90	1,002,419,794.26
Minority interest	388,993,808.91	392,030,516.53
	<hr/>	<hr/>
Total equity	1,367,482,179.81	1,394,450,310.79
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Total liabilities and equity	1,986,211,099.27	1,956,252,966.27
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CONSOLIDATED INCOME STATEMENT – UNAUDITED

Made by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

FOR THE SIX MONTHS ENDED 30 JUNE 2014

Monetary unit: RMB

Item	Notes	Current period	Prior period
I. Total operating income		483,674,463.20	448,906,530.84
Including: Operating income	IV.4	483,674,463.20	448,906,530.84
Interest income			
Insurance premiums earned			
Handling charges and commissions income			
II. Total operating costs		515,599,493.06	467,090,258.61
Including: Operating costs	IV.4	444,938,335.82	393,217,644.94
Interest expense			
Handling charges and commissions			
Refund of insurance premiums			
Net payments for insurance claims			
Net provision for insurance contracts			
Commissions on insurance policies			
Cession charges			
Business taxes and surcharges	IV.5	2,260,700.37	1,603,221.71
Selling expenses		17,716,771.65	20,361,098.04
Administration expenses		46,692,046.23	51,479,283.87
Finance costs	IV.6	4,697,235.05	308,252.63
Assets impairment loss		-705,596.06	120,757.42
Add: Gains/(losses) on changes in fair value			
Gains/(losses) on investment		3,391,092.69	-6,221,428.95
Including: Gains/(losses) on investment in associates and jointly controlled entities		54,426.02	-6,323,958.56
Exchange gains/(losses)			

Item	Notes	Current period	Prior period
III. Operating profit/(loss, expressed in negative figure)		-28,533,937.17	-24,405,156.72
Add: Non-operating income		2,537,942.78	7,090,193.98
Less: Non-operating expenses		138,328.78	83,328.21
Including: Loss on disposal of non-current assets			-108,921.72
IV. Total profit/(loss, expressed in negative figure)		-26,134,323.17	-17,398,290.95
Less: Income tax expenses		225,439.01	1,400,389.76
V. Net profit/(loss, expressed in negative figure)		-26,359,762.18	-18,798,680.71
Including: Net profit attributable to parent company's shareholders		-23,323,054.56	-29,442,011.27
Minority interests		-3,036,707.62	10,643,330.56
VI. Earnings per share:	<i>IV.8</i>		
(i) Basic earnings per share (<i>RMB/share</i>)		0.00	-0.07
(ii) Diluted earnings per share (<i>RMB/share</i>)		-0.27	-0.07
VII. Other comprehensive income	<i>IV.9</i>		-1,397,604.00
Items to be reclassified to profit or loss in subsequent accounting periods subject to certain conditions		-608,368.80	-747,638.40
Items not subject to reclassification to profit or loss in subsequent accounting periods			
VIII. Total comprehensive income		-26,359,762.18	-20,196,284.71
Including: Total comprehensive income attributable to parent company's shareholders		-23,323,054.56	-30,839,615.27
Total comprehensive income attributable to minority interests		-3,036,707.62	10,643,330.56

CONSOLIDATED CASH FLOW STATEMENT

Made by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

FOR THE SIX MONTHS ENDED 30 JUNE 2014

Monetary unit: RMB

Item	Current period	Prior period
I. Cash flow from operating activities:		
Cash received from sale of goods or rendering of services	460,482,081.12	404,548,027.12
Net increase in customer deposit and interbank deposit		
Net increase in borrowings from the central bank		
Net increase in loans from other financial institutions		
Premium received for insurance contracts		
Premium received for reinsurance contracts, net		
Net increase in reserve fund and investment		
Net increase in disposal of transactional financial assets		
Interests, handling charges and commissions received		
Net increase in loans from other banks		
Net increase in repurchase fund		
Tax refund		
Other cash received from activities related to operation	24,514,297.30	6,227,187.56
Sub-total of cash inflow from operating activities	484,996,378.42	410,775,214.68
Cash paid for purchasing goods or receiving services	431,541,601.48	358,159,920.61
Net increase in loans and advances to customer		
Net increase in deposits with central bank and inter-bank		
Compensation paid for insurance contract		
Interest, handling charges and commissions paid		
Bonus payment for insurance contract		
Cash paid to and on behalf of employees	52,701,762.45	47,084,088.35
Cash paid for all types of taxes	21,393,153.06	22,301,112.09
Other cash paid for activities related to operation	51,793,624.00	58,873,273.52
Sub-total of cash outflow from operating activities	557,430,140.99	486,418,394.57
Net cash flow from operating activities	-72,433,762.57	-75,643,179.89

Item	Current period	Prior period
II. Cash flow from investment activities:		
Cash received from divestments		28,600,000.00
Cash received from return of investment	3,189,999.99	102,529.61
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	268,220.00	420,416.91
Net cash received from disposal of subsidiaries and other business units		
Other cash received from activities related to investment		
	<hr/>	<hr/>
Sub-total of cash inflow from investment activities	3,458,219.99	29,122,946.52
	<hr/>	<hr/>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	24,304,929.71	73,707,556.36
Cash paid for investment		17,140,200.00
Net increase in secured loans		
Net cash paid for acquisition of subsidiaries and other business units		
Other cash paid for activities related to investment	50,000,000.00	28,600,000.00
	<hr/>	<hr/>
Sub-total of cash outflow from investment activities	74,304,929.71	119,447,756.36
	<hr/>	<hr/>
Net cash flow from investment activities	<u>-70,846,709.72</u>	<u>-90,324,809.84</u>

Item	Current period	Prior period
III. Cash flow from financing activities:		
Cash received from investment		
Including: Cash received from subsidiaries		
absorbing minority's investment		
Proceeds from loans	160,000,000.00	90,000,000.00
Cash received from bonds issued		
Other cash received from activities related to financing		
	<hr/>	<hr/>
Sub-total of cash inflow from financing activities	160,000,000.00	90,000,000.00
	<hr/>	<hr/>
Repayment of loans	164,000,000.00	55,000,000.00
Cash paid for dividends, profit, or interests	7,194,173.74	3,562,496.88
Including: Dividend and profits paid to minority shareholders of the subsidiaries		450,000.00
		<hr/>
Other cash paid for activities related to financing	171,194,173.74	59,012,496.88
	<hr/>	<hr/>
Sub-total of cash outflow from financing activities	-11,194,173.74	30,987,503.12
	<hr/>	<hr/>
Net cash flow from financing activities		
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-154,474,646.03	-134,980,486.61
Add: beginning balance of cash and cash equivalents	379,793,686.19	361,108,240.11
	<hr/>	<hr/>
VI. Ending balance of cash and cash equivalents	225,319,040.16	226,127,753.50
	<hr/>	<hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Made by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

FOR THE SIX MONTHS ENDED 30 JUNE 2014

Monetary unit: RMB

Item	Current period										
	Equity attributable to parent company's shareholder										
	Share capital	Capital reserve	Less: treasury shares	Special reserve	Surplus reserve	General risk provision	Retained earnings	Others	Sub-total	Minority interests	Total shareholder's equity
I. Balance at the end of last year	400,000,000.00	659,631,115.92			8,726,923.61		-65,938,245.27		1,002,419,794.26	392,030,516.53	1,394,450,310.79
Add: changes of accounting policy											
Prior period errors correction											
Others											
II. Balance at the beginning of the period	400,000,000.00	659,631,115.92			8,726,923.61		-65,938,245.27		1,002,419,794.26	392,030,516.53	1,394,450,310.79
III. Increase/(decrease) (for decrease, expressed in negative figure)		-608,368.80					-23,323,054.56		-23,931,423.36	-3,036,707.62	-26,968,130.98
(i) Net profit							-23,323,054.56		-23,323,054.56	-3,036,707.62	-26,359,762.18
(ii) Other comprehensive income		-608,368.80							-608,368.80		-608,368.80
The sum of (i) and (ii)		-608,368.80					-23,323,054.56		-23,931,423.36	-3,036,707.62	-26,968,130.98
(iii) Shareholders increase or decrease capital											
1. capital invested by owners (paid-up capital of Fasten)											
2. capital invested by owners (paid-up capital of Fasten)											
3. others (additional equity interest of Fasten)											
(iv) Distribution of profit											
1. appropriation to surplus reserves											
2. appropriation to general risk provision											
3. distribution to owners (or shareholders)											
4. others											
(v) Transfer within owners' equity											
1. transferred from capital surplus											
2. transferred from surplus reserve											
3. surplus reserve marked up losses											
4. others											
(vi) Special reserves											
1. appropriation this period											
2. use in this period											
IV. Balance at the end of the period	400,000,000.00	659,022,747.12			8,726,923.61		-89,261,299.83		978,488,370.90	388,993,808.91	1,367,482,179.81

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

Made by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

FOR THE SIX MONTHS ENDED 30 JUNE 2014

Monetary unit: RMB

Item	Equity attributable to parent company's shareholder										Total shareholder's equity	
	Share capital	Capital reserve	Less:					Retained earnings	Others	Sub-total		Minority interests
			treasury shares	Special reserve	Surplus reserve	General risk provision						
I. Balance at the end of last year	400,000,000.00	660,378,754.32			8,726,923.61		-65,411,028.78		1,003,694,649.15		86,813,981.46	1,090,508,630.61
Add: changes of accounting policy												
Prior period errors correction												
Others												
II. Balance at the beginning of the period	400,000,000.00	660,378,754.32			8,726,923.61		-65,411,028.78		1,003,694,649.15		86,813,981.46	1,090,508,630.61
III. Increase/(decrease) (for decrease, expressed in negative figure)		-747,638.40					-527,216.49		-1,274,854.89		305,216,535.07	303,941,680.18
(i) Net profit							-527,216.49		-527,216.49		7,900,409.06	7,373,192.57
(ii) Other comprehensive income		-747,638.40							-747,638.40			-747,638.40
The sum of (i) and (ii)		-747,638.40					-527,216.49		-1,274,854.89		7,900,409.06	6,625,554.17
(iii) Shareholders increase or decrease capital											303,316,126.01	303,316,126.01
1. capital invested by owners												
2. share-based payment recorded into shareholders' equity												
3. others											303,316,126.01	303,316,126.01
(iv) Distribution of profit											-6,000,000.00	-6,000,000.00
1. appropriation to surplus reserves												
2. appropriation to general risk provision												
3. distribution to owners (or shareholders)											-6,000,000.00	-6,000,000.00
4. others												
(v) Transfer within owners' equity												
1. transferred from capital surplus												
2. transferred from surplus reserve												
3. surplus reserve marked up losses												
4. others												
(vi) Special reserves												
1. appropriation this period												
2. use of this period												
IV. Balance at the end of the period	400,000,000.00	659,631,115.92			8,726,923.61		-65,938,245.27		1,002,419,794.26		392,030,516.53	1,394,450,310.79

NOTES

I. BACKGROUND OF THE COMPANY

Chengdu PUTIAN Telecommunications Cable Company Limited (the “Company”) was established 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”). Pursuant to the approvals granted by The State Council of the People’s Republic of China (the “PRC”) for issuance of shares in Hong Kong, the shares of the Company have been listed on the Stock Exchange of Hong Kong Limited since 13 December 1994 through the placing and public offer of H shares with stock code 1202. The original name at the time of listing was Chengdu Telecommunications Cable Company Limited and the Company obtained “Qihechuanrongzong business license No. 1972” issued by Chengdu Administration Bureau of Industry and Commerce. The registered capital of the Company is RMB400,000,000 of which: China PUTIAN Corporation holds RMB240,000,000 representing 60% of the total shares; public shareholders hold RMB160,000,000 representing 40% of the total shares (H Shares).

The Company’s corporate governance structures including as follows: shareholders general meeting, board of directors, supervisory committee, audit committee and the management. The organization structure is set out as follows: general administrative department, finance department, audit and law compliance department, human resources department, China Communist Party Committee, technical and quality control department, operations security department, investment management department, energy management department, electrical equipment and cable technology division, composite belt department. Currently, the Company has 4 holding subsidiaries, 1 jointly controlled entity and 1 associate.

Business license registration number: 510100400020197

Registered address:
No. 18, Xinhang Road,
The West Park of High-Tech Development Zone,
Chengdu, Sichuan Province,
the PRC.

Legal representative:
Zhang Xiaocheng

Scope of business: technological research and development, product manufacturing, sales and services of wires and cables, optical fibres and optical cables, specialized materials used for cables, irradiation processing, cable accessories, specialized facilities and equipment and the equipment and facilities for various information industry products (excluding products restricted and prohibited by the State); import and export, wholesaling and retailing and commission agency (excluding auction) of commodities with respect to the aforesaid products; wholesaling and retailing and commission agency (excluding auction) of domestically procured commodities (excluding specialized commodities), technical consultancy and provision of technological services.

On 10 November 2000, the Company changed its name to Chengdu PUTIAN Telecommunications Cable Company Limited.

On 21 January 2005, China PUTIAN Corporation and China Potevio Company Limited entered into a share transfer agreement, pursuant to which China PUTIAN Corporation transferred 60% of its equity in Chengdu PUTIAN Telecommunications Cable Company Limited to China Potevio Company Limited with no consideration. On 30 August 2005, a share transfer supplementary agreement was signed to redefine the terms and effective date of the share transfer. “Guozichanquan [2005] No. 287” was issued by the State Owned Assets Supervision and Administration Commission of the State Council on 10 March 2005 and “Shangzipi [2005] No. 2581” was issued by Ministry of Commerce of the PRC on 7 November 2005 for the approval of this supplementary agreement. On 8 February 2006, the Company changed to new business license.

The parent company is China Potevio Company Limited and the ultimate holding company is China PUTIAN Corporation.

II. PRINCIPAL ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND PRIOR PERIOD ERRORS

1. Basis of preparation of financial statements

The financial statements of the Group have been prepared on the going concern basis, reflecting the business transactions and affairs actually incurred, in accordance with the *Accounting Standards for Business Enterprise* (“ASBE”) issued by the Ministry of Finance of China. *ASBE 9 – Employee compensation, ASBE 30 – Presentation of financial statements, ASBE 39 – Measurement of Fair Value, ASBE 40 – Joint Arrangement and ASBE 33 – Consolidated Financial Statements* issued by the Ministry of Finance in January and February 2014 were early adopted in the financial statements for the period. The financial statements have also been prepared based on the following principal accounting policies and accounting estimates.

2. Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company complied with the requirements of the ABSEs of the PRC and reflected truly and completely the Company’s financial position as of 30 June 2014 and the operating results, cash flows and other relevant information for the six months ended 30 June 2014.

III. SCOPE OF CONSOLIDATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

The Company consolidates all the subsidiaries and special purpose entities into the scope of consolidated financial statements.

The consolidated financial statements are prepared in accordance with “ABSE No. 33 – Consolidated Financial Statements” and relevant regulations, and all significant intra-group transactions and dealings are offset. Interests in subsidiaries that are not attributable to the parent company are presented separately as minority interest within equity in the consolidated financial statements.

When preparing consolidated financial statements, adjustments are made if the subsidiaries’ accounting policies and accounting periods end are different from that of the Company, in accordance with the Company’s accounting policies and accounting periods.

When preparing the consolidated financial statements, for the subsidiaries acquired from business combination not involving entities under common control, the indentifiable net assets of the subsidiaries are adjusted on the basis of their fair values on the date of acquisition. For subsidiaries acquired under business combination involving enterprises under common control, the assets, liabilities, operating results and cash flows of the subsidiaries are included in the consolidated financial statements from the beginning of the financial year in which the combination took place.

1. Details of the subsidiaries

(1) Subsidiaries obtained through establishment or investment

Name of subsidiaries	Type of subsidiaries	Registered address	Registered capital (in ten thousand)	Principal activities and scope of operation	Paid-in capital at the end of the period	Other items in substance form part of the investment
Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant	Stated-owned enterprise and collective cooperation	Jingdu Village, Baijia Town, Shuangliu, Chengdu	22,520,000.00	Manufacture and sale of heat-shrink cable joining sleeves, cold-shrink cable, electric wire and cable and accessories	1,501.34	
Chengdu SEI Optical Fiber Co., Ltd	Limited liability company	The Westpark of Hi-tech Development Zone, Chengdu	USD13,750,000.00	Manufacture and sale of optical fiber and related material	7,042.48	
Chengdu MCIL Radio Communications Co., Ltd	Limited liability company	The Westpark of Hi-tech Development Zone, Chengdu	82,100,000.00	Manufacture and sale of copper cables, parts and components for wireless telecommunications system network	7,270.28	
Putian Fasten Cable Telecommunication Co., Ltd.	Limited liability company	165 ChengJiang Middle Road , Jiangyin, Jiangsu, China	500,000,000.00	Manufacture and sales of optical fiber, cable and related material; manage its own and provide agency service for import and export of all kinds of products and technology	22,500.00	

Name of subsidiaries	Equity held (%)	Voting right held (%)	Consolidated or not	Minority interests	Amount for deduction of minority interests' profit or loss within minority interests	Excess of subsidiaries' losses shared by minority interests over the minority interests' share of the subsidiaries' beginning equity for the period, which is deducted from the parent company's equity interest
Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant	66.67	66.67	Yes	19,640,232.94		
Chengdu SEI Optical Fiber Co., Ltd	60.00	60.00	Yes	63,385,033.88		
Chengdu MCIL Radio Communications Co., Ltd	96.67	100.00	Yes	2,103,662.94		
Putian Fasten Cable Telecommunication Co., Ltd.	45.00	45.00	Yes	273,451,458.74		

(2) *Subsidiaries obtained through business combination not under common control*

Name of subsidiaries	Type of subsidiaries	Registered address	Registered capital (in ten thousand)	Principal activities and scope of operation	Paid-in capital at the end of the period (in ten thousand)	Other items in substance form part of the investment
Jiangsu Fasten Photonics Co., Ltd.	Limited liability company	Jiangyin City	23,380.00	Manufacture of optical fibre, optical cable and optical apparatus	13,749.91	
Jiangsu Fasten Optical Cable Co., Ltd	Domestic (wholly legal person owned) limited liability company	Jiangyin City	11,058.61	Manufacture of optical communication cable	12,540.34	
Putian Houma Fasten Optical Cable Co., Ltd.	Limited liability company	Houma City	6,000.00	Trading of optical communication cable and the derivative product	1,492.98	

Name of subsidiaries	Equity held(%)	Voting right held(%)	Consolidated or not	Minority interests	Amount for deduction of minority interests' profit or loss within minority interests	Excess of subsidiaries' losses shared by minority interests over the minority interests' share of the subsidiaries' beginning equity for the period, which is deducted from the parent company's equity interest
Jiangsu Fasten Photonics Co., Ltd.	82.003	82.003	Yes	30,413,420.41		
Jiangsu Fasten Optical Cable Co., Ltd	100.00	100.00	Yes			
Putian Houma Fasten Optical Cable Co., Ltd.	100.00	100.00	Yes			

2. There were no Entities Newly Consolidated and Entities Deconsolidated in the current period

3. There was no business combination not under common control during the current period

IV. NOTES TO MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

1. Bill receivables

(1) *Bill receivables are categorized as follows*

Item	End of the period	Beginning of the year
Bank acceptance bills	83,417,939.70	66,071,258.07
Commercial acceptance bills	<u>17,599,854.40</u>	<u>19,477,776.43</u>
Total	<u>101,017,794.10</u>	<u>85,549,034.50</u>

(2) *Top five bills receivables pledged as at 30 June 2014*

Item	Issue date	Maturity date	Amount
1.江蘇中天科技股份有限公司	2014/4/11	2014/10/11	4,000,000.00
2.天津長飛鑫茂光纜有限公司	2014/3/5	2014/9/5	1,814,845.65
3.成都中飛光纜有限公司	2014/6/23	2014/12/23	1,349,460.00
4.四川匯源光通信有限公司	2014/6/11	2014/10/20	1,300,000.00
5.中航光電科技股份有限公司	2014/5/30	2014/11/25	<u>1,000,000.00</u>
Total			<u>9,464,305.65</u>

Note: The bills receivables were pledged to Chengdu Chenghua Branch of the Agricultural Bank of China by Chengdu SEI Optical Fibre Co., Ltd for the import letter of credit of RMB9,464,305.65.

(3) *Top five bills receivables endorsed but not yet mature as at 30 June 2014*

Item	Issue date	Maturity date	Amount
China Telecom Corporation Limited			
Guangxi Branch	2014/3/26	2014/9/26	4,922,705.64
江西聯創電纜科技有限公司	2014/2/21	2014/8/21	1,800,000.00
無錫市宏達光電有限公司	2014/6/04	2014/12/4	1,600,000.00
中興通訊股份有限公司	2014/4/21	2014/9/25	1,487,764.61
中興通訊股份有限公司	2014/5/19	2014/10/23	<u>1,357,992.69</u>
Total			<u>11,168,462.94</u>

2. Accounts receivable

(1) *Accounts receivable comprise of*

Categories	End of the period			
	Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
1. Individually significant receivables of which provision for bad debts is made on an individual basis	8,000,003.00	1.95	2,000,000.75	25.00
2. Receivables of which provision for bad debts is made on a group basis				
Provision for bad debts is made according to aging analysis	381,455,955.89	93.05	27,925,092.45	7.00
Sub-total	381,455,955.89	93.05	27,925,092.45	7.00
3. Individually insignificant receivables of which provision for bad debts is made on an individual basis	<u>20,493,486.83</u>	5.00	<u>20,493,486.83</u>	100.00
Total	<u>409,949,445.72</u>	100.00	<u>50,418,580.03</u>	

Categories	Beginning of the year			
	Carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
1. Individually significant receivables of which provision for bad debts is made on an individual basis	11,352,543.36	3.50	2,838,135.84	25.00
2. Receivables of which provision for bad debts is made on a group basis Provision for bad debts is made according to aging analysis	291,489,674.15	90.06	27,426,949.67	9.41
Sub-total	291,489,674.15	90.06	27,426,949.67	9.41
3. Individually insignificant receivables of which provision for bad debts is made on an individual basis	20,835,454.48	6.44	20,835,454.48	100.00
Total	<u>323,677,671.99</u>	100.00	<u>51,100,539.99</u>	15.79

For group of receivables, details of accounts receivable of which provision for bad debts is made according to aging analysis

Age	End of the period			Beginning of the year		
	Carrying amount	Percentage (%)	Provision for bad debts	Carrying amount	Percentage (%)	Provision for bad debts
Within 1 year	343,058,709.11	89.93		251,592,617.57	86.30	
1-2 years	7,894,707.71	2.07	894,382.73	9,550,931.25	3.28	955,093.12
2-3 years	4,492,210.79	1.18	1,497,813.26	4,247,252.50	1.46	1,274,175.75
3-5 years	4,388,328.88	1.15	3,598,016.12	4,505,960.14	1.55	3,604,768.11
Over 5 years	21,621,999.40	5.67	21,934,880.34	21,592,912.69	7.41	21,592,912.69
Total	<u>381,455,955.89</u>	100.00	<u>27,925,092.45</u>	<u>291,489,674.15</u>	100.00	<u>27,426,949.67</u>

Details of individual significant receivables of which provision for bad debts is made on an individual basis

Name	End of the period	Provision for bad debts	Percentage (%)	Reason for provision
Shandong Radio and Television Network Company Heze Branch	8,000,003.00	2,000,000.75	25.00	Not expected to be recoverable
Total	<u>8,000,003.00</u>	<u>2,000,000.75</u>	25.00	

Note: Individual significant receivables of which provision for bad debts is made on an individual basis are those customer receivables over RMB5,000,000. If there is no impairment indicator arising from impairment assessment of individual significant receivables, the Company provides provision for bad debts on these receivables based on aging analysis.

At the end of the period, details of individually insignificant receivables of which provision for bad debts is made on an individual basis

Name	Carrying value	Amount of bad debts	Percentage (%)	Reason for provision
1. Henan Qingfeng County Federation of Industry and Trade Co., Ltd	1,007,986.64	1,007,986.64	100.00	Not expected to be recoverable
2. Chengdu Telecommunications Cable Factory Sales division	1,062,382.43	1,062,382.43	100.00	Not expected to be recoverable
3. China Posts Equipment Co., Middlesouth Company	1,116,797.27	1,116,797.27	100.00	Not expected to be recoverable
4. Urumqi Zhida Electronics Co.,	1,344,969.65	1,344,969.65	100.00	Not expected to be recoverable
5. Chuandong Electromechanical Co., Ltd.	1,606,692.41	1,606,692.41	100.00	Not expected to be recoverable
6. Shenyang Hengyuanda Communications Equipment Co, Ltd.	1,621,814.62	1,621,814.62	100.00	Not expected to be recoverable
7. KAB/VOLEX	2,058,597.74	2,058,597.74	100.00	Not expected to be recoverable
Total	<u>9,819,240.76</u>	<u>9,819,240.76</u>		

Note: At the end of the year, the total amount of individual insignificant receivables of which provision for bad debts is made on an individual basis is RMB20,493,486.83, within which the larger amount is RMB9,819,240.76.

(2) *At the end of the period, accounts receivables with counterparty holding 5% or more of the Company's voting shares include the receivable of RMB36,010,211.75 due from China Potevio Company Limited.*

(3) *Top five accounts receivables*

Name	Relationship with the Company	Amount	Age	Percentage of total accounts receivables (%)
1. Fasten Group Imp&Exp Co., Ltd.	Entity controlled by the ultimate controlling party of shareholder holding more than 5% of the subsidiary's shares	23,481,778.53	Within 1 year	5.73
2. Shenzhen ZTE Kangxun Telecom Company Limited	Not related party	14,057,514.17	Within 1 year	3.43
3. 廣西廣播電視網路有限公司	Not related party	13,094,211.41	Within 1 year	3.19
4. 中國普天信息產業股份有限公司	The parent company of the Company	36,010,211.75	Within 1 year	8.78
5. 貴州省廣播電視信息網路公司	Not related party	9,119,815.32	Within 1-2 years	2.22
Total		<u>95,763,531.18</u>		23.35

(4) *Accounts receivables from related parties*

Name	Relationship with the Company	Amount	Percentage of total receivables (%)
1. China Potevio Company Limited	The Company's parent company	36,010,211.75	8.78
2. 中國普天信息網絡股份有限公司	Under common control by the same parent company	74,256.00	0.02
3. China Putian Zhuzhou Company Limited	Under common control by the same parent company	160,000.00	0.04
4. Nanjing Putian Intelligent Building Limited	Under common control by the same parent company	93,192.96	0.02
5. China Putian Chengdu Company Limited	Under common control by the same parent company	227,952.99	0.06
6. Jiangsu Fasten Optoelectronics Technology Co., Ltd.	Entity controlled by the ultimate controlling party of shareholder holding more than 5% of the subsidiary's shares	7,908,554.40	1.93
7. Fasten Group Import & Export Co. Ltd.	Entity controlled by the ultimate controlling party of shareholder holding more than 5% of the subsidiary's shares	23,481,778.53	5.73
Total		<u>67,955,946.63</u>	16.58

3. Accounts payable

(1) *The aging analysis of accounts payable is as follows:*

Item	End of the period		Beginning of the period	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	227,491,283.26	97.15	156,224,929.70	96.01
1–2 years	1,600,849.62	0.68	1,344,748.06	0.83
2–3 years	3,549,544.77	1.52	3,365,120.26	2.07
Over 3 years	<u>1,543,831.50</u>	0.65	<u>1,778,241.45</u>	1.09
Total	<u>234,185,509.15</u>	100.00	<u>162,713,039.47</u>	100.00

(2) *At the end of the reporting period, there was no counterparty holding 5% or more of the Company's voting shares included in accounts payables.*

(3) *Accounts payable denominated in foreign currencies*

Currency	End of the period			Beginning of the period		
	Original Currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
US dollars	<u>5,911,478.75</u>	6.1528	<u>36,372,146.45</u>	2,632,025.81	6.0969	<u>16,047,198.16</u>
Total	<u>5,911,478.75</u>		<u>36,372,146.45</u>	2,632,025.81		<u>16,047,198.16</u>

4. Operating income and operating costs

(1) Details of operating income

Item	Current period	Prior period
Income from principal operations	474,142,704.59	440,132,436.53
Other operating income	<u>9,531,758.61</u>	<u>8,774,094.31</u>
Total operating income	<u>483,674,463.2</u>	<u>448,906,530.84</u>

(2) Details of operating costs

Item	Current period	Prior period
Costs for principal operations	434,829,185.04	380,208,731.78
Other operating costs	<u>10,109,150.78</u>	<u>13,008,913.16</u>
Total operating costs	<u>444,938,335.82</u>	<u>393,217,644.94</u>

(3) Analysis of principal operations by products

Name of products	Current period		Prior period	
	Income from principal operations	Costs from principal operations	Income from principal operations	Costs from principal operations
Base station and Base station controller			3,715,555.55	3,572,649.56
Cable	130,160,692.08	122,617,231.41	242,494,283.56	228,714,352.71
Optical fiber	174,842,267.04	158,590,267.28	170,404,813.19	129,198,946.94
Heat shrinkable product	19,103,427.54	15,425,503.14	23,517,784.23	18,722,782.57
Optical cable	141,489,880.29	127,990,234.39	0	0
Transportation track cable	<u>8,546,437.64</u>	<u>10,205,948.82</u>	<u>0</u>	<u>0</u>
Total	<u>474,142,704.59</u>	<u>434,829,185.04</u>	<u>440,132,436.53</u>	<u>380,208,731.78</u>

(4) *Analysis of principal operations by regions*

Regions	Current period		Prior period	
	Income from principal operations	Costs from principal operations	Income from principal operations	Costs from principal operations
Northern China	6,103,732.57	5,612,492.82		
Northeastern China	41,556,570.02	38,027,520.06	37,709,132.41	32,517,548.89
Eastern China	198,488,175.10	182,727,774.35	186,483,718.89	153,177,585.11
Southern China	47,676,450.67	43,346,059.56	36,050,578.07	30,005,939.44
Central China	68,768,752.96	65,304,211.23	70,496,876.71	70,599,762.86
Southwestern China	103,683,643.29	92,612,028.10	90,594,388.49	77,166,002.43
Northwestern China	5,500,326.45	5,051,253.03	9,840,526.68	8,912,818.72
Overseas	2,365,053.53	2,147,845.89	8,957,215.28	7,829,074.33
Total	<u>474,142,704.59</u>	<u>434,829,185.04</u>	<u>440,132,436.53</u>	<u>380,208,731.78</u>

(5) *Operating income from top five customers*

Customer	Operating income	Percentage to the Company's total operating income(%)
1. ZTE Kangxun Telecom Co., Ltd	39,435,289.14	8.15
2. Fasten Group Import and Export Corporation	21,662,212.03	4.48
3. China Potevio Co., Ltd	11,042,594.70	2.28
4. ZTT Fiber Co., Ltd.	10,175,008.55	2.10
5. Deyang Hexing Copper Materials Trading Co., Ltd.	9,005,128.21	1.86
Total	<u>91,320,232.63</u>	18.87

5. Business tax and surcharges

Item	Tax base	Current period	Prior period
Business tax	5%	516,799.08	255,070.84
City construction tax	5%,7%	1,028,124.61	527,111.16
Educational surcharges	3%	611,333.16	319,884.40
Local educational surcharges	2%	57,681.09	83,164.38
Price regulation fund	0.07%	46,762.43	415,261.96
Others		0	2,728.97
Total		<u>2,260,700.37</u>	<u>1,603,221.71</u>

6. Finance costs

Item	Current period	Prior period
Interest expenses	7,494,173.74	4,822,515.98
Less: Interest income	3,648,244.54	4,202,965.55
Exchange loss	521,197.15	22,298.14
Less: Exchange gain		562,003.92
Bank charges	330,108.70	228,407.98
Total	<u>4,697,235.05</u>	<u>308,252.63</u>

7. Income Tax Expenses

Item	Current period	Prior period
Income tax expense for the period according to tax laws and related regulations	4,266,029.86	5,358,243.97
Adjustment for deferred tax	<u>-4,435,285.46</u>	<u>-6,421.18</u>
Total	<u>-169,255.60</u>	<u>5,351,822.79</u>

8. Calculation of basic earnings per share and diluted earnings per share

Item	Code	Current period	Prior period
Net profit attributable to ordinary shareholders of the Company (I)	P0	-23,323,054.56	-29,442,011.27
Net profit attributable to ordinary shareholders with deduction of non-operating profit or loss items (II)	P0	-26,333,943.47	-40,239,748.37
Total shares at beginning of the year	S0	400,000,000.00	400,000,000.00
Additional shares from transfer of surplus fund or share dividends during the period	S1		
Additional shares from issue of new shares or debt for equity swap during the period	Si		
Reduction in shares from share repurchase during the period	Sj		
Reduction in shares from share consolidation during the period	Sk		
Number of months during the period	M0	6	6
Number of months from the month following the increase in shares to the end of the period	Mi		
Number of months from the month following of the decrease in shares to the end of the period	Mj		
Weighted average number of outstanding ordinary shares	S	400,000,000.00	400,000,000.00
Basic earnings/loss per share (I)		-0.0583	-0.0736
Basic earnings/loss per share (II)		-0.0658	-0.1006
Adjusted net profit/loss for the period attributable to ordinary shareholders (I)	P1	-23,323,054.56	-29,442,011.27
Adjusted net profit/loss (after deduction of non-operating profit or loss items) attributable to ordinary shareholders (II)	P1	-26,333,943.47	-40,239,748.37
Increase in weighted average number of outstanding ordinary shares from warrants, share options and convertible bonds			
Diluted weighted average number of outstanding ordinary shares			
Diluted earnings/loss per share (I)		-0.0583	-0.0736
Diluted earnings/loss per share (II)		-0.0658	-0.1006

(1) *Basic earnings per share*

$$\text{Basic earnings per share} = P0 \div S$$

$$S = S0 + S1 + Si \times Mi \div M0 - Sj \times Mj \div M0 - Sk$$

Where “P0” represents net profit or loss after non-operating items attributable to ordinary shareholders of the Company; “S” represents the weighted average number of outstanding ordinary shares; “S0” represents total number of shares at the beginning of the period; “S1” represents additional shares from transfer of surplus fund or share dividends during the period; “Si” represents additional shares from issue of new shares or debt for equity swap during the period; “Sj” represents the reduction in shares from share repurchase during the period; “Sk” represents the reduction in shares from share consolidation during the period; “M0” represents the number of months during the period; “Mi” represents the number of months from the month following the increase in shares to the end of the period; “Mj” represents the number of months from month following the decrease in shares to the end of the period.

(2) *Diluted earnings per share*

$$\text{Diluted earnings per share} = P1 / (S0 + S1 + Si \times Mi \div M0 - Sj \times Mj \div M0 - Sk + \text{Increase in weighted average number of outstanding ordinary shares from issue of warrants, share options and convertible bonds}).$$

Where P1 is the net profit or loss after deducting non-operating items attributable to ordinary shareholders of the Company, and taking into consideration the effect from dilutive potential ordinary shares, P1 has been adjusted in accordance with ASBEs of the PRC and the relevant regulations. When calculating the diluted earnings per share, the Company has taken into account all the effects of dilutive potential ordinary shares on the net profit or loss after deducting non-operating items attributable to ordinary shareholders of the Company and the weighted average number of outstanding shares, and included the effect of each dilutive potential ordinary shares according to their degree of dilution in a descending order until the minimal value is dilutive earnings per share is obtained.

9. Other comprehensive income

Item	Current period	Prior period
1. Gain (or loss) from available-for-sale financial assets	-715,728.00	-2,785,536.00
Less: Available-for-sale financial assets' effect on income tax	107,359.20	417,830.40
Net amount recognised in other comprehensive income in previous period and recognised in profit or loss in current period		
Sub-total	-608,368.80	-2,367,705.60
2. Share of other comprehensive income of investees using equity method		
Less: Income tax effect of share of other comprehensive income of investee using equity method		
Net amount recognised in other comprehensive income in previous period and recognised in profit or loss in current period		
Sub-total		
3. Gain (or loss) from cash flow hedge forward contracts		
Less: Income tax effect of cash flow hedge forward contracts		
Net amount recognised in other comprehensive income in previous period and recognised in profit or loss in current period		
Adjustment on initial recognition upon transfer to hedged items		
Sub-total		
4. Exchange difference arising from translations of financial statements denominated in foreign currency		
Less: Transfer to profit or loss of the current period upon disposal of foreign operations		
Sub-total		
5. Others		
Less: Income tax effect of other items recognized in other comprehensive income		
Net amount of other items recognised in other comprehensive income in previous period and recognised in profit or loss in current year		
Sub-total		
Total	<u>-608,368.80</u>	<u>-2,367,705.60</u>

MANAGEMENT DISCUSSION AND ANALYSIS

(I) Results analysis

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

During the Period, the Group recorded a turnover of RMB483,674,463.20, representing an increase of 7.75% as compared to the corresponding period last year.

During the Period, sales of copper cables and related products amounted to RMB150,574,072.07, representing an increase of 10.03% as compared to the corresponding period last year. Sales of optical fibres by Chengdu SEI Optical Fiber Co., Ltd., a principal subsidiary of the Company, amounted to RMB89,467,291.62, representing an increase of 13.38% as compared to the corresponding period last year. Sales of heat shrinkable joining sleeves and other products by Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant amounted to RMB21,843,762.77, representing a decline of 10.04% as compared to the corresponding period last year. Sales of optical fibres and optical cables by Putian Fasten Cable Telecommunication Co., Ltd. amounted to RMB227,192,996.86, representing an increase of 5.40% as compared to the corresponding period last year.

Major reasons for loss from principal operations include:

1. Decline of optical telecommunication products' prices; and
2. Prolonged shrinkage of telecommunication products' market.

(II) Review of principal operations

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

1. Market expansion

The Group optimized product sales structure and client portfolio to eliminate the adverse effect of product price decline. It explored and expanded share in new markets through technology exchanges and business negotiations and also enhanced sales revenue by adjusting operating strategies.

2. Product research and development

The Group improved and upgraded optical cable manufacturing process and equipment and accomplished a number of technological improvements in optical cables, as well as developed heat-resistant conducting wires with maximum allowable temperatures of 200°C and 150°C. In the meantime, it optimized the formulas of hot melt adhesive and contraction bands of long pipeline and conducted testing for high density polyethylene based materials and performance tests. Two types of coaxial cable sample for 4G mobile phones have also been modified.

3. Enhancing cost-efficiency

The Group enhanced qualified products rate and production volume of self-developed optical wand and lowered its cost. It followed the market strategy of focusing on high margin products and customer segmentation to drive up the overall product price. It also strengthened management of material procurement, controlled consumption of raw materials and modified product packaging which could effectively lower the costs.

4. Lean management

The Group has consolidated its management and enhanced the efficiency. It has also been devoted to innovative management. It underwent corporate structural reorganization, procedure streamlining and re-engineering. It also strengthened the on-site management and supervision to establish and maintain good production and operation process.

5. Corporate management

The Group has initiated an organizational restructuring, reducing corporate departments from 30 to 21. It also stringently and scientifically defined duties and work flow of each department, thereby contributing to clear delineation of duties and ensuring staff to excel and perform duties effectively. A research and development centre has been established in accordance with the Company's strategic plan, setting up a platform for technology innovation on the Company level. The Company's management system has also undergone a comprehensive streamlining that reduced the number of company management frameworks from previously 102 to 89.

(III) Financial analysis

As at 30 June 2014, the Group's total assets amounted to RMB1,986,211,099.27, representing an increase of 1.53% from RMB1,956,252,966.27 as at the end of last year, of which the total non-current assets amounted to RMB802,297,906.74, accounting for 40.39% of the total assets and representing an increase of 1.26% from RMB792,326,263.43 as at the end of last year. As at 30 June 2014, the Group's total current assets amounted to RMB1,183,913,192.53, accounting for 59.61% of total assets and representing an increase of 1.72% from RMB1,163,926,702.84 as at the end of last year.

The net cash outflow from operating activities of the Group during the Period amounted to RMB72,433,762.57 while the net cash outflow for the corresponding period last year was RMB75,643,179.89.

As at 30 June 2014, the Group's bank balances and cash (including deposits with encumbrance) amounted to RMB225,319,040.16, representing a decline of 40.67% from RMB379,793,686.19 as at the end of last year.

As at 30 June 2014, the Group's total liabilities amounted to RMB618,728,919.46 (as at 31 December 2013: RMB561,802,655.48). The liability-to-asset ratio was 31.15%, representing an increase of 2.43% as compared to 28.72% as at the end of last year. Bank and other borrowings due within one year amounted to RMB225,000,000.00.

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 RMB17,716,771.65, RMB46,236,750.92 and RMB4,697,235.05 respectively, representing a decline of 12.99%, a decline of 10.18%, and an increase of RMB4,388,982.42 from RMB20,361,098.04, RMB51,479,283.87 and RMB308,252.63 respectively in the corresponding period last year.

During the Period, the average gross profit margin of the Group was 8.01%, representing a decline of 4.40% from 12.41% in the corresponding period last year.

1. Analysis of liquidity

As at 30 June 2014, the Group's current ratio and quick ratio were 2.29 and 1.79 respectively.

2. *Analysis of financial resources*

As at 30 June 2014, the Group's short-term bank loans and other loans amounted to RMB225,000,000.00. As the Group's bank deposits and cash amounted to RMB225,319,040.16, the Group has greater exposure to short term solvency risk.

3. *Capital structure of the Group*

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

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

4. *Contingent liabilities*

As at 30 June 2014, the Group had no contingent liabilities (2013: Nil).

(IV) Business outlook

1. *Further capitalizing on comprehensive budget to strengthen profitability*

The Company will strengthen implementation of budget in respect of tracing, analyzing and feedback reminder to ensure key issues to be completed as scheduled. It will establish alarm system for deviation from budget implementation and joint tracing system for rectification and reform program. Asset management of receivables and inventories will be reinforced. The Company will improve the financial management system and tighten financial control to avert financial risks, and provide effective support to operation and management with better statistics and financial analysis.

2. *Moving forward in adjustment and upgrade of business portfolio in accordance with the strategy of the company*

(1) *Optical telecommunication business segment*

As a key development area in the Company's adjustment of business portfolio, optical telecommunication business segment will seek to solve the specific problems which impair the integrated effects of cable telecommunication business. The Company will focus on building its core competitiveness by enhancing technology research and development. Efforts will be exerted to break through the production capacity bottleneck of self-developed optical wands.

(2) Electrical cables business segment

The Company will expand its business scale by developing major clients. By obtaining CRCC accreditation and enhancing external cooperation, the Company will actively explore opportunities in the industry and boost development of the industry with capital investment.

(3) Other business segments

Internal and external resources of the Company will be integrated in order to expand business chain.

3. *Strengthening basic management*

The Company will step up efforts on further corporation reform. Efforts will be made to strengthen basic management and risk management. Safe production will be promoted through strict implementation of safe production system.

(V) OVERDUE TIME DEPOSITS

As at 30 June 2014, the Group did not have any deposit and trust deposit with non-banking financial institutions nor time deposits that cannot be recovered on maturity.

(VI) ENTERPRISE INCOME TAX

According to the related regulations of “High-tech enterprise affirmation and management method” (Guokefahuo [2008] No.172) and “High-tech enterprise confirmation management guidelines” (Guokefahuo [2008] No.362), and based on Chuangaoqiren [2011] No.4 issued by the High-tech Enterprise Recognition and Management Group, the Company and its subsidiaries, Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant, Chengdu SEI Optical Fiber Co. Ltd and Chengdu MCIL Radio Communications Co. Ltd were recognized as high-tech enterprises and enjoy the High-tech Enterprises Preferential Tax Rate of 15% for a period of three years (2011 to 2013) (Note: the update of the certificate is being processed).

Based on Sugaoqixie [2012] No.22 issued by Coordination Team under High-tech Enterprise Recognition and Management Group in Jiangsu Province, the Company’s subsidiary, Jiangsu Fasten Photonics Co., Ltd. was recognized as a high-tech enterprise in Jiangsu Province in the third round of examination and is subject to enterprise income tax at a tax rate of 15% for a period of three years starting from 1 January 2012 (2011 to 2013).

(VII) PLEDGE OF ASSETS

As at 30 June 2014, 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 (2013: Nil).

(VIII) STAFF AND REMUNERATION POLICY OF THE GROUP

As at 30 June 2014, the Group had 1,837 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 trainings to its staff.

(IX) SHAREHOLDING OF SHAREHOLDERS AND CHANGE OF SHARE CAPITAL STRUCTURE

1. Share capital structure

During the Period, the Company did not make any arrangements for bonus issue, placing or increase of shares or issue of new shares of the Company. During the Period, there was no change in the Company's total number of shares and share capital structure. The total issued share capital of the Company remained at RMB400,000,000 divided into 400,000,000 shares with a par value of RMB1.00 each, comprising 240,000,000 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 2014, 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 2014, HKSCC Nominees Limited ("HKSCC", holding shares of the Company on behalf of various customers) held 155,218,998 H Shares, representing 38.80% 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 2014, the Central Clearing and Settlement System ("CCASS") participants holding 5% or more of the total issued H Shares of the Company are shown as follows:

	Number of H Shares held as at 30 June 2014	Percentage of H Shares	Percentage of total issued share capital
CCASS participants			
The Hongkong & Shanghai Banking Corporation Limited	21,465,100	13.41%	5.37%
Citic Securities Brokerage (HK) Limited	12,447,000	7.77%	3.11%
BOCI Securities Limited	11,741,000	7.33%	2.94%
Bank of China (Hong Kong) Limited	11,456,000	7.16%	2.86%

Save as disclosed above, as at 30 June 2014, 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.

3. Shareholdings of Directors and Supervisors

As at 30 June 2014, 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) as recorded in the register required to be kept under Section 352 of the SFO or which were otherwise required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

4. Sufficient public float

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

5. Purchase, sale or repurchase of listed securities

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or repurchased 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.

(X) INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2014 (No interim dividend was paid for the six months ended 30 June 2013).

(XI) AUDIT COMMITTEE

At present, the members of the audit committee of the Board of the Company (the “Audit Committee”) are Mr. Choy Sze Chung, Jojo (Chairman), Mr. Li Yuanpeng and Mr. Xiao Xiaozhou.

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 report for the six months ended 30 June 2014. The Audit Committee considered that the interim consolidated financial statements and interim report for the six months ended 30 June 2014 have complied with the requirements of applicable accounting standards and laws and appropriate disclosures were made.

(XII) CHANGE OF AUDITORS

As Daxin Certified Public Accountants (“Daxin”) have provided audit services to the Company for more than certain years, according to the provisions of Central Enterprises Financial Audit Working Rules issued by the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China relating to continuing audit services provided by the same certified public accountant, Daxin has resigned as auditors of the Company after completing the review of the interim results of the Group for the six months ended 30 June 2014, with effect from 23 August 2014.

The Board has appointed Pan-China Certified Public Accountants (“Pan-China”) as auditors of the Company with effect from 23 August 2014 to fill the casual vacancy following the resignation of Daxin, and to hold office until the conclusion of the next annual general meeting of the Company.

(XIII) CORPORATE GOVERNANCE CODE

The Company believes that the value and importance of good corporate governance will help enhance corporate performance and accountability.

The Board considered that the Company had complied with the code provisions set out in the Code on Corporate Governance Practices during the period from 1 January 2014 to 30 June 2014 (the “CG Code”) as stated in Appendix 14 to the Listing Rules of the Stock Exchange during the Period.

The Company periodically reviews its corporate governance to ensure its continuous compliance with the CG Code. None of the Directors is aware of any information that would reasonably indicate that the Company is not or was not for any time of the Period in compliance with the requirements of the CG Code.

(XIV) COMPLIANCE WITH THE MODEL CODE

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

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

(XV) INFORMATION DISCLOSURE AND INVESTOR RELATION MANAGEMENT

The Company endeavours to comply with the requirements on information disclosure under the Listing Rules and discloses to the Shareholders and related parties all discloseable information to the best knowledge of the Company on a timely and fair basis.

The Office of the Board is responsible for information disclosure of the Company and reception of visits of its Shareholders and investors. The Company provides its announcements, interim and annual reports with detailed financial information and results to Shareholders on its website (<http://cdc.com.cn>).

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

Chengdu, the PRC, 22 August 2014

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

Executive Directors: *Mr. Zhang Xiaocheng (Chairman), Mr. Ping Hao, Mr. Cong Huisheng, Mr. Chen Ruowei, Mr. Du Xinhua and Mr. Fan Xu*

Independent Non-executive Directors: *Mr. Choy Sze Chung, Jojo, Mr. Li Yuanpeng and Mr. Xiao Xiaozhou*