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中国普天

成都普天電纜股份有限公司

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

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

(Stock Code: 1202)

2021 INTERIM RESULTS ANNOUNCEMENT

SUMMARY

- The Group recorded a total turnover of RMB200,135,505.89 for the six months ended 30 June 2021 (the “**Period**”), representing a decrease of approximately 4.47% as compared with the corresponding period last year.
- During the Period, total sales of copper cables, optical cables, optical fibers and related products amounted to RMB193,245,631.41, representing a decrease of approximately 7.47% as compared with the corresponding period last year. Total sales of optical fibers by Chengdu SEI Optical Fiber Co., Ltd., a principal subsidiary of the Company, amounted to RMB70,957,250.73, representing a decrease of 0.37% as compared with the corresponding period last year. Total sales of wire feed cables and other products by Chengdu Zhongling Radio Communications Co., Ltd., a principal subsidiary of the Company, amounted to RMB20,188,649.28, representing an increase of 69.62% as compared with the corresponding period last year.
- During the Period, the Group’s loss attributable to equity holders of the Company was RMB12,895,954.94, while the Group’s loss attributable to equity holders of the Company for the corresponding period last year was RMB15,779,850.77. Loss attributable to non-controlling shareholders was RMB4,866,232.07, as compared with the loss of RMB4,855,357.10 for the corresponding period last year.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021.

The board of directors (the “**Board**”) 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 2021 (the “**Period**”) as follows:

CONSOLIDATED BALANCE SHEETS

As at 30 June 2021

Prepare by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

Unit: RMB Yuan

Assets	Note No.	Closing balance	Opening balance
Current assets:			
Cash and bank balances		421,505,743.59	424,800,107.42
Settlement funds			
Loans to other banks			
Held-for-trading financial assets			
Derivative financial assets			
Notes receivables	III.1	33,170,856.71	37,152,364.95
Account receivables	III.2	59,810,344.80	59,894,569.81
Receivables financing	III.3	67,697,432.78	42,524,298.26
Advances paid		20,485,379.51	24,428,049.75
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Other receivables		10,329,970.85	11,190,594.20
Financial assets under reverse repo			
Inventories		67,923,161.62	61,420,721.02
Contract assets			
Assets classified as held for sale		59,083,708.14	59,083,708.14
Non-current assets due within one year			
Other current assets		<u>9,170,250.03</u>	<u>10,991,490.98</u>
Total current assets		<u>749,176,848.03</u>	<u>731,485,904.53</u>

Assets	<i>Note No.</i>	Closing balance	Opening balance
Non-current assets:			
Loans and advances paid			
Debt investments			
Other debt investments			
Long-term receivable			
Long-term equity investments		48,598,413.09	52,515,656.12
Other equity instrument investments		4,105,002.00	4,261,335.00
Other non-current financial assets			
Investment property		65,358,707.07	74,185,437.86
Fixed assets		149,883,705.72	152,148,313.22
Construction in progress		1,584,041.55	1,621,829.16
Productive biological assets			
Oil & gas assets			
Right of use assets			
Intangible assets		41,700,609.00	42,352,983.54
Development expenditures			
Goodwill			
Long-term prepayments		1,266,525.74	1,418,508.80
Deferred tax assets			
Other non-current assets			
		<hr/>	<hr/>
Total non-current assets		312,497,004.17	328,504,063.70
		<hr/>	<hr/>
Total assets		<u>1,061,673,852.20</u>	<u>1,059,989,968.23</u>

Liabilities and equity	<i>Note No.</i>	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings			
Central bank loans			
Loans from other banks			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable	<i>III.4</i>	32,103,926.40	24,543,558.75
Advances received		533,304.63	236,733.80
Contract liabilities		3,572,946.79	2,895,447.37
Financial liabilities under repo			
Absorbing deposit and interbank deposit			
Deposit for agency security transaction			
Deposit for agency security underwriting			
Employee benefits payable		18,636,531.09	22,178,836.03
Taxes and rates payable		1,754,391.02	1,605,093.85
Other payables		61,131,535.26	44,342,511.11
Handling fee and commission payable			
Reinsurance accounts payable			
Liabilities classified as held for sale			
Non-current liabilities due within 1 year			
Other current liabilities			
Total current liabilities		<u>117,732,635.19</u>	<u>95,802,180.91</u>
Non-current liabilities:			
Insurance policy reserve			
Long-term borrowings		5,685,044.18	6,176,328.82
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income		52,232,231.86	54,068,997.52
Deferred tax liabilities		848,452.42	532,521.40
Other non-current liabilities			
Total non-current liabilities		<u>58,765,728.46</u>	<u>60,777,847.74</u>
Total liabilities		<u>176,498,363.65</u>	<u>156,580,028.65</u>

Liabilities and equity	<i>Note No.</i>	Closing balance	Opening balance
Equity:			
Share capital/Paid-in capital		400,000,000.00	400,000,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		638,760,122.08	638,760,122.08
Less: Treasury shares			
Other comprehensive income	<i>III.8</i>	2,545,357.27	3,017,621.29
Special reserve			
Surplus reserve		8,726,923.61	8,726,923.61
General risk reserve			
Undistributed profit		-249,274,716.91	-236,378,761.97
Total equity attributable to the parent company		800,757,686.05	814,125,905.01
Non-controlling interest		84,417,802.50	89,284,034.57
Total equity		885,175,488.55	903,409,939.58
Total liabilities & equity		1,061,673,852.20	1,059,989,968.23

CONSOLIDATED INCOME STATEMENT

For January to June of year 2021

Prepare by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

Unit: RMB Yuan

Items	Note No.	Current period cumulative	Preceding period comparative
I. Total operating revenue		200,135,505.89	209,496,937.20
Including: Operating revenue	III.5	200,135,505.89	209,496,937.20
Interest income			
Premium earned			
Revenue from handling charges and commission			
II. Total operating cost		217,043,583.53	228,308,367.93
Including: Operating cost	III.5	190,202,690.47	200,076,938.62
Interest expenses			
Handling charges and commission expenditures			
Surrender value			
Net payment of insurance claims			
Net provision of insurance policy reserve			
Premium bonus expenditures			
Reinsurance expenses			
Taxes and surcharges	III.6	1,036,245.24	3,108,313.68
Selling expenses		4,039,075.13	3,496,367.55
Administrative expenses		20,137,285.38	18,297,986.90
R&D expenses		5,439,966.60	5,368,393.82
Financial expense	III.7	-3,811,679.29	-2,039,632.64
Including: Interest expenses		44,857.78	48,230.90
Interest income		3,608,937.76	2,655,745.43
Add: Other income		6,193,102.62	2,070,027.53
Investment income (or less: losses)		-3,917,243.03	-6,522,637.84
Including: Investment income from associates and joint ventures		-3,917,243.03	-6,522,637.84
Gains from derecognition of financial assets at amortized cost			
Gains on foreign exchange (or less: losses)			
Gains on net exposure to hedging risk (or less: losses)			
Gains on changes in fair value (or less: losses)			
Credit impairment loss		-2,886,966.05	-371,919.75
Assets impairment loss		-281,437.28	-1,880,650.92
Gains on asset disposal (or less: losses)			83,589.57
III. Operating profit (or less: losses)		-17,800,621.38	-25,433,022.14
Add: Non-operating revenue		50,434.37	4,886,460.20
Less: Non-operating expenditures		12,000.00	88,645.93
IV. Profit before tax (or less: total loss)		-17,762,187.01	-20,635,207.87
Less: Income tax			

Items	Note No.	Current period cumulative	Preceding period comparative
V. Net profit (or less: net loss)		-17,762,187.01	-20,635,207.87
(I) Categorized by the continuity of operations			
1. Net profit from continuing operations (or less: net loss)		-17,762,187.01	-20,635,207.87
2. Net profit from discontinued operations (or less: net loss)			
(II) Categorized by the portion of equity ownership			
1. Net profit attributable to owners of parent company (or less: net loss)		-12,895,954.94	-15,779,850.77
2. Net profit attributable to non-controlling shareholders (or less: net loss)		-4,866,232.07	-4,855,357.10
VI. Other comprehensive income after tax	<i>III.8</i>	-472,264.02	-933,446.37
Items attributable to the owners of the parent company		-472,264.02	-933,446.37
(I) Not to be reclassified subsequently to profit or loss		-472,264.02	-933,446.37
1. Changes in remeasurement on the net defined benefit plan			
2. Items under equity method that will not be reclassified to profit or loss			
3. Changes in fair value of other equity instrument investments		-472,264.02	-933,446.37
4. Changes in fair value of own credit risk			
5. Others			
(II) To be reclassified subsequently to profit or loss			
1. Items under equity method that may be reclassified to profit or loss			
2. Changes in fair value of other debt investments			
3. Profit or loss from reclassification of financial assets into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedging reserve			
6. Translation reserve			
7. Others			
Items attributable to non-controlling shareholders			
VII. Total comprehensive income		-18,234,451.03	-21,568,654.24
Items attributable to the owners of the parent company		-13,368,218.96	-16,713,297.14
Items attributable to non-controlling shareholders		-4,866,232.07	-4,855,357.10
VIII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)	<i>III.9</i>	-0.03	-0.04
(II) Diluted EPS (yuan per share)	<i>III.9</i>	-0.03	-0.04

CONSOLIDATED CASH FLOW STATEMENT

For January to June of year 2021

Prepare by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

Unit: RMB Yuan

Items	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:		
Cash receipts from sale of goods or rendering of services	146,000,510.24	96,712,235.14
Net increase of client deposit and interbank deposit		
Net increase of central bank loans		
Net increase of loans from other financial institutions		
Cash receipts from original insurance contract premium		
Net cash receipts from reinsurance		
Net increase of policy-holder deposit and investment		
Cash receipts from interest, handling charges and commission		
Net increase of loans from others		
Net increase of repurchase		
Net cash receipts from agency security transaction		
Receipts of tax refund		324,527.72
Other cash receipts related to operating activities	24,307,251.75	46,988,020.64
Subtotal of cash inflows from operating activities	170,307,761.99	144,024,783.50
Cash payments for goods purchased and services received	144,721,007.87	132,100,811.31
Net increase of loans and advances to clients		
Net increase of central bank deposit and interbank deposit		
Cash payments for insurance indemnities of original insurance contracts		
Net increase of loans to others		
Cash payments for interest, handling charges and commission		
Cash payments for policy bonus		
Cash paid to and on behalf of employees	26,940,547.42	24,619,329.70
Cash payments for taxes and rates	1,536,397.96	3,564,202.87
Other cash payments related to operating activities	16,509,743.59	28,411,265.15
Subtotal of cash outflows from operating activities	189,707,696.84	188,695,609.03
Net cash flows from operating activities	-19,399,934.85	-44,670,825.53

Items	Current period cumulative	Preceding period comparative
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments	16,000,000.00	
Cash receipts from investment income		
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	556,733.44	529,000.00
Net cash receipts from the disposal of subsidiaries & other business units		
Other cash receipts related to investing activities		
Subtotal of cash inflows from investing activities	16,556,733.44	529,000.00
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	345,295.98	2,093,984.84
Cash payments for investments		
Net increase of pledged borrowings		
Net cash payments for the acquisition of subsidiaries & other business units		
Other cash payments related to investing activities		
Subtotal of cash outflows from investing activities	345,295.98	2,093,984.84
Net cash flows from investing activities	16,211,437.46	-1,564,984.84

Items	Current period cumulative	Preceding period comparative
III. Cash flows from financing activities:		
Cash receipts from absorbing investments		
Including: Cash received by subsidiaries from non-controlling shareholders as investments		
Cash receipts from borrowings		
Other cash receipts related to financing activities		
Subtotal of cash inflows from financing activities		
Cash payments for the repayment of borrowings	231,534.39	230,231.56
Cash payments for distribution of dividends or profits and for interest expenses	44,857.78	48,230.90
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit		
Other cash payments related to financing activities		
Subtotal of cash outflows from financing activities	276,392.17	278,462.46
Net cash flows from financing activities	-276,392.17	-278,462.46
IV. Effect of foreign exchange rate changes on cash & cash equivalents		
V. Net increase in cash and cash equivalents	-3,464,889.56	-46,514,272.83
Add: Opening balance of cash and cash equivalents	408,342,218.89	398,432,726.66
VI. Closing balance of cash and cash equivalents	404,877,329.33	351,918,453.83

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For January to June of year 2021

Prepare by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

Unit: RMB Yuan

Items	Current period cumulative										
	Equity attributed to parent company										
	Other equity instruments				Other comprehensive income			General risk reserve			
Share capital/ Paid-in capital	Preferred shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Surplus reserve	Special reserve	Surplus reserve	Undistributed profit	Non-controlling interest	Total equity
I. Balance at the end of prior year	400,000,000.00				638,760,122.08		8,726,923.61		-236,378,761.97	89,284,034.57	903,409,939.58
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				638,760,122.08		8,726,923.61		-236,378,761.97	89,284,034.57	903,409,939.58
III. Current period increase (or less: decrease)											
(I) Total comprehensive income											
(II) Capital contributed or withdrew by owners											
1. Ordinary shares 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											
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. Changes in defined benefit plan carried over to retained earnings											
5. Other comprehensive income carried over to retained earnings											
6. 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				638,760,122.08		8,726,923.61		-249,274,716.91	84,417,802.50	885,175,488.55

Preceding period comparative

Items	Equity attributed to parent company										Total equity		
	Other equity instruments				Less: treasury shares		Other comprehensive income		Surplus reserve	General risk reserve		Undistributed profit	Non-controlling interest
	Share capital/ Paid-in capital	Preferred shares	Perpetual bonds	Others	Capital reserve	Other comprehensive income	Special reserve						
I. Balance at the end of prior year	400,000,000.00				638,760,122.08	3,626,311.39	8,726,923.61	-193,187,054.70	107,152,487.29	965,078,789.67			
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				638,760,122.08	3,626,311.39	8,726,923.61	-193,187,054.70	107,152,487.29	965,078,789.67			
III. Current period increase (or less: decrease)													
(I) Total comprehensive income													
(II) Capital contributed or withdrew by owners													
1. Ordinary shares 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													
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. Changes in defined benefit plan carried over to retained earnings													
5. Other comprehensive income carried over to retained earnings													
6. 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				638,760,122.08	2,692,865.02	8,726,923.61	-208,966,905.47	102,297,130.19	943,510,135.43			

NOTES TO FINANCIAL STATEMENTS

For January to June of year 2021

Monetary unit: RMB Yuan

I. COMPANY PROFILE

Chengdu PUTIAN Telecommunications Cable Company Limited (the “Company”) was incorporated and registered with the Chengdu Administration Bureau of Industry and Commerce on 1 October 1994 after its restructuring from Chengdu Cable Plant of the Posts and Telecommunications Ministry of China (now known as “China PUTIAN Corporation”), as independent promoter, under the approval of the relevant department of the State Council. The Company is headquartered in Chengdu, Sichuan Province, and holds the Business (License numbered 9151010020193968XY). The registered capital of the Company is RMB400,000,000. There are a total of 400,000,000.00 shares in issue with the nominal value of RMB1 each 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. The shares have been listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 13 December 1994.

The Company’s business is in the sector of the manufacturing industry. Main business activities: wire and cable, fiber optic cable, cable special materials, radiation processing, cable technology research and development, product production, sales and service, electrical technology development, transfer, consulting and related ancillary services; design and installation: city and road lighting engineering, building construction and decoration engineering, fire safety facilities engineering, mechanical and electrical equipment installation engineering, residential building electroweak system engineering; wholesale and retail: communication equipment (excluding radio transmitters), lighting equipment, electrical equipment, instrumentation, electronic measuring instruments, electronic components, transmission and distribution and control equipment, hardware products and electronic products, plastic products, mineral products, building materials and chemical products (except dangerous chemical products and precursor chemicals), groceries; commission agency (excluding auctions); import and export of self-operated commodities and their similar products; own real estate, machinery and equipment leasing and property management.

The financial statements were approved and authorized for issue by the 19th meeting of the 9th session of the Board of Directors dated 20 August 2021.

The Company has brought 3 subsidiaries including Chengdu Zhongling Wireless Communication Cable Co., Ltd., Chengdu SEI Optical Fiber Co., Ltd., Chengdu PUTIAN New Material Co., Ltd. into the consolidation scope. Please refer to section IV of notes to financial statements 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 transaction, comply with 'Accounting Standard for Business Enterprises: Basic Standard'(Caizhengbuling No.33 publish, Caizhengbuling No.76 revise), the 42 specific accounting standards, application of Accounting Standard for Business Enterprises, explanation of Accounting Standard for Business Enterprises (hereinafter as ASBEs) published & revised after 15 February.

According to the rules of ASBEs, the accounting basis for the company is accrual basis. Except for some financial instruments, the items on the financial statements are measured based on historical costs. If assets are impaired, impairment provisions shall be made in accordance with relevant rules.

(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) Significant changes in accounting policies

The Company has implemented the interpretation of accounting standards for Business Enterprises No. 14 issued by the Ministry of Finance in 2021 since January 26, 2021. The change of accounting policy has no impact on the Company's financial statements.

III. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

1. Notes receivable

(1) Details

1) Details of different categories

Categories	Book balance		Closing balance		Carrying amount
	Amount	% to total	Amount	Provision for bad debts Provision proportion (%)	
Receivables with provision for bad debts made on a collective basis	33,179,495.13	100.00	8,638.42	0.03	33,170,856.71
Including: Bank acceptance	31,451,811.31	94.79			31,451,811.31
Trade acceptance	<u>1,727,683.82</u>	<u>5.21</u>	<u>8,638.42</u>	<u>0.50</u>	<u>1,719,045.40</u>
Total	<u><u>33,179,495.13</u></u>	<u><u>100.00</u></u>	<u><u>8,638.42</u></u>	<u><u>0.03</u></u>	<u><u>33,170,856.71</u></u>

Categories	Book balance		Opening balance		Carrying amount
	Amount	% to total	Amount	Provision for bad debts Provision proportion (%)	
Receivables with provision for bad debts made on a collective basis	37,158,434.69	100.00	6,069.74	0.02	37,152,364.95
Including: Bank acceptance	35,944,487.62	96.73			35,944,487.62
Trade acceptance	<u>1,213,947.07</u>	<u>3.27</u>	<u>6,069.74</u>	<u>0.50</u>	<u>1,207,877.33</u>
Total	<u><u>37,158,434.69</u></u>	<u><u>100.00</u></u>	<u><u>6,069.74</u></u>	<u><u>0.02</u></u>	<u><u>37,152,364.95</u></u>

2) *Notes receivable with provision for bad debts made on a collective basis*

Items	Book balance	Closing balance	
		Provision for bad debts	Provision proportion (%)
Bank acceptance portfolio	31,451,811.31		
Trade acceptance portfolio	<u>1,727,683.82</u>	<u>8,638.42</u>	<u>0.50</u>
Subtotal	<u><u>33,179,495.13</u></u>	<u><u>8,638.42</u></u>	<u><u>0.03</u></u>

(2) *Changes in provision for bad debts*

Items	Opening balance	Increase			Decrease			Closing balance
		Accrual	Recovery	Others	Reversal	Written-off	Others	
Bank acceptance								
Trade acceptance	<u>6,069.74</u>	<u>2,568.68</u>						<u>8,638.42</u>
Subtotal	<u><u>6,069.74</u></u>	<u><u>2,568.68</u></u>						<u><u>8,638.42</u></u>

(3) *Notes receivable written off in current period*

Notes receivable actually written off in current period totaled 0 yuan.

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

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance	<u>9,677,204.47</u>	
Subtotal	<u><u>9,677,204.47</u></u>	

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

2. Accounts receivable

(1) Details

1) Details on categories

Categories	Book balance		Closing balance		Carrying amount
	Amount	% to total	Amount	Provision for bad debts Provision proportion (%)	
Receivables with provision made on an individual basis	46,160,241.68	39.42	46,160,241.68	100.00	
Receivables with provision made on a collective basis	<u>70,926,445.59</u>	<u>60.58</u>	<u>11,116,100.79</u>	<u>15.67</u>	<u>59,810,344.80</u>
Total	<u><u>117,086,687.27</u></u>	<u><u>100.00</u></u>	<u><u>57,276,342.47</u></u>	<u><u>48.92</u></u>	<u><u>59,810,344.80</u></u>

Categories	Book balance		Opening balance		Carrying amount
	Amount	% to total	Amount	Provision for bad debts Provision proportion (%)	
Receivables with provision made on an individual basis	46,384,236.00	40.59	46,384,236.00	100.00	
Receivables with provision made on a collective basis	<u>67,897,954.17</u>	<u>59.41</u>	<u>8,003,384.36</u>	<u>11.79</u>	<u>59,894,569.81</u>
Total	<u><u>114,282,190.17</u></u>	<u><u>100.00</u></u>	<u><u>54,387,620.36</u></u>	<u><u>47.59</u></u>	<u><u>59,894,569.81</u></u>

2) *Accounts receivable with provision made on an individual basis*

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons
Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd.	2,450,193.86	2,450,193.86	100.00	The company is going bankrupt, not expect to be recoverable
KAB/VOLEX KABKableprektion	2,058,597.74	2,058,597.74	100.00	Not expect to be recoverable
Shenyang Hengyuanda Communication Equipment Co., Ltd.	1,621,814.62	1,621,814.62	100.00	Not expect to be recoverable
Sichuan Chuandong Electromechanical Equipment Installation Company	1,606,692.41	1,606,692.41	100.00	Not expect to be recoverable
Chongqing Xiongying Communication Co., Ltd.	1,414,724.47	1,414,724.47	100.00	Not expect to be recoverable
Yiwu Zhihaoda e-commerce Co., Ltd.	1,344,969.65	1,344,969.65	100.00	Not expect to be recoverable
Zhongnan Company, China Postal And Electrical Material Company	1,116,797.27	1,116,797.27	100.00	Not expect to be recoverable
Hangzhou Hanyi Plastic Pipe Materials Co., Ltd.	1,156,614.94	1,156,614.94	100.00	Not expect to be recoverable
Zhejiang Wanneng Communications Group Co., Ltd.	1,079,528.38	1,079,528.38	100.00	Not expect to be recoverable
Others	32,310,308.34	32,310,308.34	100.00	Not expect to be recoverable
Subtotal	<u>46,160,241.68</u>	<u>46,160,241.68</u>	<u>100.00</u>	

3) *Accounts receivable with provision for bad debts made on a collective basis*

Items	Closing balance		Provision proportion (%)
	Book balance	Provision for bad debts	
Non-related party portfolio	69,459,238.45	11,108,764.75	15.99
Related party portfolio	1,467,207.14	7,336.04	0.50
Subtotal	<u>70,926,445.59</u>	<u>11,116,100.79</u>	<u>15.67</u>

4) *In non-related party portfolios, accounts receivable with provision made on a collective basis based on the comparison table of age and expected credit loss rate*

Ages	Closing balance		Provision proportion (%)
	Book balance	Provision for bad debts	
Within 1 year	52,419,976.21	2,010,753.59	3.84
1-2 years	2,151,946.57	576,656.82	26.80
2-3 years	8,733,244.41	3,730,815.47	42.72
Over 3 years	6,154,071.26	4,790,538.87	77.84
Subtotal	<u>69,459,238.45</u>	<u>11,108,764.75</u>	<u>15.99</u>

(2) *Age analysis*

Ages	Closing balance		Provision proportion (%)
	Book balance	Provision for bad debts	
Within 1 year	52,682,020.21	2,012,063.82	3.82
1-2 years	2,366,747.17	577,730.82	24.41
2-3 years	8,896,178.19	3,893,749.25	43.77
Over 3 years	53,141,741.70	50,792,798.58	95.58
Total	<u>117,086,687.27</u>	<u>57,276,342.47</u>	<u>48.92</u>

Ages	Opening balance		Provision proportion (%)
	Book balance	Provision for bad debts	
Within 1 year	48,526,963.24	1,772,829.19	3.65
1-2 years	11,125,092.93	2,721,588.88	24.46
2-3 years	5,985,317.16	1,954,899.43	32.66
Over 3 years	48,644,816.84	47,938,302.86	98.55
Total	114,282,190.17	54,387,620.36	47.59

Accounts receivable shall be analyzed by age since the month when such receivables are accrued and shall be settled by time sequence.

The credit terms granted to customers are generally 3 months. A few customers have credit terms of 1 or 12 months. Accounts receivable that past due are reviewed by the Management on a regular basis.

(3) Changes in provision for bad debts

1) Details

Items	Opening balance	Accrual	Increase Recovery	Others	Reversal	Decrease Written off	Others	Closing balance
Receivables with provision made on an individual basis	46,384,236.00	33,395.92			257,390.24			46,160,241.68
Receivables with provision made on a collective basis	8,003,384.36	3,112,716.43						11,116,100.79
Subtotal	54,387,620.36	3,146,112.35			257,390.24			57,276,342.47

2) Significant provisions collected or reversed

Debtors	Amount collected or reversed	Way of collection
Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd.	130,119.48	Recover the payment
Xinjiang Petroleum Engineering Construction Co., Ltd.	75,208.00	Recover the payment
Shaanxi Jiamao Pipe Engineering Co., Ltd.	50,000.00	Recover the payment
Ziyang CRRC Electrical Technology Co., Ltd.	2,062.76	Recover the payment
Subtotal	257,390.24	

(4) Accounts receivable written off in current period

Accounts receivable actually written off in current period totaled 0 yuan.

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

Debtors	Book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
Shenzhen ZTE Kangxun Telecom Company Limited	12,487,767.24	10.67	770,495.24
CRRC Zhuzhou Locomotive Co., Ltd.	4,843,291.55	4.14	298,831.09
Shenzhen Tangwei Electronic Co., Ltd.	4,806,900.00	4.11	296,585.73
Zhongtian Technology Fibre Optics Co., Ltd.	4,071,885.19	3.48	20,359.43
Twentsche (Nanjing) Fibre Optics Ltd.	3,700,834.20	3.16	18,504.17
Subtotal	<u>29,910,678.18</u>	<u>25.55</u>	<u>1,404,775.66</u>

3. Receivables financing

(1) Details

1) Details on categories

Items	Initial cost	Interest adjustment	Closing balance		Carrying amount	Provision for impairment
			Interest accrued	Changes in fair value		
Notes receivable	67,697,432.78				67,697,432.78	
Total	<u>67,697,432.78</u>				<u>67,697,432.78</u>	

Items	Initial cost	Interest adjustment	Opening balance		Carrying amount	Provision for impairment
			Interest accrued	Changes in fair value		
Notes receivable	42,524,298.26				42,524,298.26	
Total	<u>42,524,298.26</u>				<u>42,524,298.26</u>	

2) *Receivables financing with provision for impairment made on a collective basis*

Items	Book balance	Closing balance	
		Provision for impairment	Provision proportion (%)
Bank acceptance portfolio	<u>67,697,432.78</u>		
Subtotal	<u><u>67,697,432.78</u></u>	<u> </u>	<u> </u>

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

Items	Closing balance derecognized
Bank acceptance	<u>28,026,966.37</u>
Subtotal	<u><u>28,026,966.37</u></u>

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

4. **Accounts payable**

(1) *Details*

Items	Closing balance	Opening balance
Material purchase	31,890,745.21	24,366,948.53
Equipment and Construction payments	128,000.00	65,000.00
Payable operating expenses	<u>85,181.19</u>	<u>111,610.22</u>
Total	<u><u>32,103,926.40</u></u>	<u><u>24,543,558.75</u></u>

(2) *Age analysis*

Ages	Closing balance
Within 1 year	31,890,745.21
1-2 years	993,304.33
2-3 years	133,360.52
Over 3 years	841,656.41
Subtotal	<u>32,103,926.40</u>

5. **Operating revenue/Operating cost**

(1) *Details*

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	181,025,190.24	182,094,399.23	193,768,027.42	190,914,152.95
Other operations	19,110,315.65	8,108,291.24	15,728,909.78	9,162,785.67
Total	<u>200,135,505.89</u>	<u>190,202,690.47</u>	<u>209,496,937.20</u>	<u>200,076,938.62</u>

(2) *Breakdown of revenue by main categories*

Segments	Copper cable and related products	Optical communication products	Wire bushings and related products	Subtotal
Main product types				
Fiber optic products		72,021,263.66		72,021,263.66
Track cable	9,306,338.76			9,306,338.76
Component processing and component trade	74,116,580.70			74,116,580.70
Intelligent Terminal	9,723,185.86			9,723,185.86
Processing Service	14,018,371.24		178,439.62	14,196,810.86
Others	6,879,898.26		1,897,220.45	8,777,118.71
Subtotal	114,044,374.82	72,021,263.66	2,075,660.07	188,141,298.55
Revenue recognition time				
Goods (transferred at a point in time)	114,044,374.82	72,021,263.66	2,075,660.07	188,141,298.55
Subtotal	<u>114,044,374.82</u>	<u>72,021,263.66</u>	<u>2,075,660.07</u>	<u>188,141,298.55</u>

Note: The difference with operating income is the income from leasing business.

(3) Revenue recognized as included in the opening balance of carrying amount of contract liabilities totaled 639,279.18 yuan.

6. Taxes and surcharges

Items	Current period cumulative	Preceding period comparative
Urban maintenance and construction tax	43,587.65	31,583.50
Education surcharge	30,530.84	22,559.65
Stamp duty	135,751.42	150,760.20
Housing property tax	391,879.60	1,694,608.08
Land use tax	412,160.00	1,198,082.30
Vehicle and vessel use tax	4,805.00	2,160.00
Others	17,530.73	8,559.95
	<u>1,036,245.24</u>	<u>3,108,313.68</u>
Total	<u><u>1,036,245.24</u></u>	<u><u>3,108,313.68</u></u>

7. Financial expenses

Items	Current period cumulative	Preceding period comparative
Interest expense	44,857.78	48,230.90
Less: Interest income	3,608,937.76	2,655,745.43
Foreign exchange loss	-269,369.19	390,488.99
Administration fee	21,769.88	177,392.90
	<u>-3,811,679.29</u>	<u>-2,039,632.64</u>
Total	<u><u>-3,811,679.29</u></u>	<u><u>-2,039,632.64</u></u>

8. Other comprehensive income (OCI) after tax

Items	Opening balance	Current period cumulative before income tax	Current period cumulative		Less: income tax	Attributable to parent company	Attributable to non-controlling shareholders	Closing balance
			Less: OCI previously recognized but transferred to profit or loss in current period	Less: OCI previously recognized but transferred to retained earnings in current period				
Items not to be reclassified subsequently to profit or loss	3,017,621.29	-156,333.00			315,931.02	-472,264.02		2,545,357.27
Including: Changes in fair value of other equity instrument investments	3,017,621.29	-156,333.00			315,931.02	-472,264.02		2,545,357.27
Total	<u>3,017,621.29</u>	<u>-156,333.00</u>			<u>315,931.02</u>	<u>-472,264.02</u>		<u>2,545,357.27</u>

9. Calculation process of basic EPS and diluted EPS

(1) Calculation process of basic EPS

Items	Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	-12,895,954.94
Non-recurring profit or loss	B	6,163,085.12
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	-19,059,040.06
Opening balance of total shares	D	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
Weighted average of outstanding ordinary shares	$L=D+E+F \times G / (K-H \times I / K - J)$	400,000,000.00
Basic EPS	$M=A/L$	-0.03
Basic EPS after deducting non-recurring profit or loss	$N=C/L$	-0.05

(2) Calculation process of diluted EPS

The process of calculating the diluted earnings per share is same as the calculation of the basic earnings per share.

IV. INTEREST IN OTHER ENTITIES

(I) Interest in significant subsidiaries

1. Composition of significant subsidiaries

Subsidiaries	Main operating place	Place of registration	Business nature	Registered Capital (Unit:10,000)	Holding proportion (%)		Acquisition method	Type of legal entity
					Direct	Indirect		
Chengdu Zhongling Wireless Communication Cable Co., Ltd	Chengdu City, the PRC	Chengdu City, the PRC	Production and sales of wireless communication system cables, components and accessories	RMB8,210.00	100.00		Business combination not under common control	Limited Liability Company
Chengdu PUTIAN New Material Co., Ltd.	Chengdu City, the PRC	Chengdu City, the PRC	Production and sales of heat-shrinkable casing, cold-shrinkable tube and accessories, irradiation processing and derivative technology applications and consulting	RMB5,982.00	100.00		Business combination not under common control	Limited Liability Company
Chengdu SEI Optical Fiber Co., Ltd	Chengdu City, the PRC	Chengdu City, the PRC	Production and sales of optical fiber and related materials	USD1,700.00	60.00		Business combination not under common control	Limited Liability Company

2. Significant not wholly-owned subsidiaries

Subsidiaries	Holding proportion of non-controlling shareholders	Non-controlling shareholders' profit or loss	Dividend declared to non-controlling shareholders	Closing balance of non-controlling shareholders' profit or loss
Chengdu SEI Optical Fiber Co., Ltd.	40.00	-4,866,232.07		84,417,802.50

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

(1) Assets and liabilities

Currency unit: RMB10,000

Subsidiaries	Current assets	Non-current assets	Closing balance			Total liabilities
			Total assets	Current liabilities	Non-current liabilities	
Chengdu SEI Optical Fiber Co., Ltd.	17,400.34	5,517.73	22,918.07	1,654.13	159.50	1,813.63
			Opening balance			
Subsidiaries	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Chengdu SEI Optical Fiber Co., Ltd.	17,517.65	5,931.22	23,448.87	958.79	169.07	1,127.86

(2) Profit or loss and cash flows

Currency unit: RMB10,000

Subsidiaries	Operating revenue	Net profit	Current period cumulative	
			Total comprehensive income	Cash flows from operating activities
Chengdu SEI Optical Fiber Co., Ltd.	7,202.13	-1,216.56	-1,216.56	2,070.89
			Preceding period comparative	
Subsidiaries	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Chengdu SEI Optical Fiber Co., Ltd.	7,241.85	-1,213.84	-1,213.84	-3,062.15

(II) Interest in associates

1. Significant associates

Associates	Main operating place	Place of registration	Business nature	Registered Capital (Unit:10,000)	Holding proportion (%)		Accounting treatment	Type of legal entity
					Direct	Indirect		
Chengdu Yuexin Telecommunications Materials Co., Ltd.	Chengdu City, the PRC	Chengdu City, the PRC	Production and processing, sales of cable using polyethylene material and related polyethylene products; Composite metal strip and related metal strip products; Hot bonded film and related film products	RMB300.00	35.00		Equity method	Limited Liability Company
Chengdu Bada Connector Co., Ltd.	Chengdu City, the PRC	Chengdu City, the PRC	Production and sales of wire and cable and all kinds of connectors, network communication system supporting products, computer hardware and software products and plastic products	RMB500.00	49.00		Equity method	Limited Liability Company
Putian Fasten Cable Telecommunication Co., Ltd	Jiangyin City, the PRC	Jiangyin City, the PRC	Production and sales of communications optical fiber, optical cable and related products	RMB50,000.00	22.50		Equity method	Limited Liability Company

2. Main financial information of significant associates

Items	Closing balance/current period cumulative		
	Chengdu Yuexin Telecommunication Materials Co., Ltd.	Chengdu Bada Connector Co., Ltd.	Putian Fasten Cable Telecommunication Co., Ltd.
Current assets	2,850,446.27	52,221,047.43	1,468,169,415.74
Non-current assets	2,197,031.78	5,993,548.32	158,098,049.76
Total assets	5,047,478.05	58,214,595.75	1,626,267,465.50
Current liabilities	4,868,332.87	48,018,505.82	924,141,373.67
Non-current liabilities		259,383.64	275,009,231.07
Total liabilities	4,868,332.87	48,277,889.46	1,199,150,604.74
Non-controlling interest		1,027,289.34	
Equity attributable to owners of parent company	179,145.18	8,909,416.95	427,116,860.76
Proportionate share in net assets	62,700.81	4,365,614.30	42,711,686.08
Adjustments			
Goodwill			1,418,109.36
Others	109,955.56	-0.03	103,003.38
Carrying amount of investments in associates	172,656.37	4,365,614.27	44,232,798.82
Fair value of equity investments in associates in association with quoted price			
Operating revenue		77,937,113.91	204,247,552.88
Net profit		-1,802,194.57	-30,341,676.92
Net profit of discontinued operations			
Other comprehensive income			
Total comprehensive income		-1,802,194.57	-30,341,676.92
Dividend from associates received in current period			

Items	Opening balance/preceding period comparative		
	Chengdu Yuexin Telecommunication Materials Co., Ltd.	Chengdu Bada Connector Co., Ltd.	Putian Fasten Cable Telecommunication Co., Ltd.
Current assets	2,850,446.27	54,684,821.95	1,273,060,033.18
Non-current assets	2,197,031.78	6,235,641.36	192,221,477.99
Total assets	5,047,478.05	60,920,463.31	1,465,281,511.17
Current liabilities	4,868,332.87	48,617,402.18	713,672,771.50
Non-current liabilities		569,360.18	294,150,201.99
Total liabilities	4,868,332.87	49,186,762.36	1,007,822,973.49
Non-controlling interest		1,022,089.43	
Equity attributable to owners of parent company	179,145.18	10,711,611.52	457,458,537.68
Proportionate share in net assets	62,700.81	5,248,689.64	102,928,170.98
Adjustments			
Goodwill			3,190,746.07
Others	109,955.56	-0.03	231,757.60
Carrying amount of investments in associates	172,656.37	5,248,689.61	106,350,674.65
Fair value of equity investments in associates in association with quoted price			
Operating revenue		22,672,499.91	388,744,899.64
Net profit		-52,308.13	-28,875,586.05
Net profit of discontinued operations			
Other comprehensive income			
Total comprehensive income		-52,308.13	-28,875,586.05
Dividend from associates received in current period			

Note: Chengdu Yuexin Telecommunication Materials Co., Ltd. is in liquidation and has made full provision for impairment of book long-term equity investments.

V. OTHER SIGNIFICANT EVENTS

(I) Segment information

1. Identification basis for reportable segments

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

2. Financial information of reportable segments

Items	Closing balance/current period cumulative		
	Copper cable and related products	Optical communication products	Cable conduct and related products
Revenue from main operations	132,217,519.73	70,957,250.73	6,889,874.48
Cost of main operations	132,080,876.39	74,290,312.90	3,053,872.78
Assets impairment loss		-281,437.28	
Credit impairment loss	-2,986,946.16	-4,127.59	96,152.10
Total assets	967,436,382.07	229,180,757.85	83,539,662.18
Total liabilities	143,829,506.45	18,136,251.55	57,691,261.34

Items	Closing balance/current period cumulative	
	Inter-segment offsetting	Total
Revenue from main operations	29,039,454.70	181,025,190.24
Cost of main operations	27,330,662.84	182,094,399.23
Assets impairment loss		-281,437.28
Credit impairment loss	-7,955.60	-2,886,966.05
Total assets	218,482,949.90	1,061,673,852.20
Total liabilities	43,158,655.69	176,498,363.65

Items	Opening balance/preceding period comparative		
	Copper cable and related products	Optical communication products	Cable conduct and related products
Revenue from main operations	137,632,328.83	71,217,841.30	269,311.02
Cost of main operations	135,848,700.83	74,108,692.03	524,354.22
Assets impairment loss		-1,880,650.92	
Credit impairment loss	-430,747.56	8,665.51	47,053.75
Total assets	958,381,131.17	234,488,696.20	82,839,534.47
Total liabilities	126,131,772.40	11,278,609.73	59,556,790.32

Items	Opening balance/preceding period comparative	
	Inter-segment offsetting	Total
Revenue from main operations	15,351,453.73	193,768,027.42
Cost of main operations	19,567,594.13	190,914,152.95
Assets impairment loss		-1,880,650.92
Credit impairment loss	-3,108.55	-371,919.75
Total assets	215,719,393.61	1,059,989,968.23
Total liabilities	40,387,143.80	156,580,028.65

(II) Other information

Items	Closing balance		Opening balance	
	Consolidated	Parent company	Consolidated	Parent company
Net current assets	631,444,212.84	465,579,909.32	635,683,723.62	461,133,669.18
Total assets less current liabilities	943,941,217.01	829,710,062.94	964,187,787.32	835,278,096.85

MANAGEMENT DISCUSSION AND ANALYSIS

(I) RESULTS ANALYSIS

During the Period, Chengdu PUTIAN Telecommunications Cable Company Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) was principally engaged in the manufacturing and sales of various types of telecommunication cables and optical fibers.

During the Period, the Group recorded a total turnover of RMB200,135,505.89, representing a decrease of approximately 4.47% as compared with the corresponding period last year.

During the Period, total sales of copper cables, optical cables, optical fibers and related products amounted to RMB193,245,631.41, representing a decrease of approximately 7.47% as compared with the corresponding period last year. Total sales of optical fibers by Chengdu SEI Optical Fiber Co., Ltd. (“**Chengdu SEI**”), a principal subsidiary of the Company, amounted to RMB70,957,250.73, representing a decrease of 0.37% as compared with the corresponding period last year. Total sales of wire feed cables and other products by Chengdu Zhongling Radio Communications Co., Ltd. (“**Chengdu Zhongling**”) amounted to RMB20,188,649.28, representing an increase of 69.62% as compared with the corresponding period last year.

The decline in revenue from principal businesses was mainly due to the downturn of the market of optical fibers with decreased sales volume and unit price, as well as the decline in revenue generated from the ZTE cables.

(II) REVIEW OF PRINCIPAL BUSINESSES

To improve the performance of the Group, the board of directors of the Company (the “**Board**”) proactively adjusted the production and operation strategies in response to the changes in internal and external environments of the Group and the market. The major business activities of the Group during the Period are summarized as follows:

I. Major operations

1. Optical telecommunications business

In the first half of 2021, the Group continued to put more efforts into price negotiation with major raw material suppliers, and vigorously reduced the procurement costs. In the first half of the year, the Group invested more resources in the sale of optical fibers with higher gross profit.

2. Energy transmission cable business

On the market front, the Company's track cable products belong to the major category of copper cables. This year, both the copper market and plastic market recorded a general price rise with a large percentage. Affected by the significant increase in the price of raw materials, certain orders that have a greater impact on profit had to be cancelled, and the progress of commencing new projects for new energy as well as power cable and controlled cable market slowed down.

As for technology, the Group carried out the development and trial production of thin-walled cables, multi-core wire bundles, fire-resistant cables and a variety of cables customised for rail transportation; it also carried out the trial production of materials used in the inner layer of cables with a large cross section and completed the technical process improvements for optimising the material formulations of cables with a large cross section.

As for production management, the Group's output for the first half of the year doubled compared to the corresponding period last year. Through the effective implementation of refined management rules and regulations, as well as the training on quality awareness and operational skills of the employees, the production consumption further reduced as compared with the corresponding period last year. The Group completed the safety inspection and proposed 14 rectification projects with 12 projects completed and 2 projects in progress.

II. Work progress

1. Strengthening the leadership of Party construction to facilitate the in-depth integration of branch work and management work

The Group continued its in-depth study and implementation of the spirit of the 19th National People's Congress of the Party and the Second, Third, Fourth and Fifth Plenary Sessions of the 19th Central Commission for Discipline Inspection, and thoroughly implemented the spirit and task arrangement of various meetings of the Party committee of the Group. The Group held 7 meetings of the Party committee and organized 4 central groups for concentrated study.

The Group fulfilled its major responsibilities of the Party committee by considering and discussing in advance the Company's matters involving the "Three Key and One Major" system according to the procedures. In the first half of the year, the Party committee considered and discussed in advance a total of 13 matters in relation to the Company's major operation and management and the appointment and removal of cadres, giving play to the role of the Party committee in "Directing, Overseeing the Overall Situation and Ensuring the Implementation".

According to the Party committee's organization of the study and education activities in relation to the Party's history, the Group completed the commencement work at all stages for the study and education activities.

The Group donated materials to the earthquake-stricken areas in Qinghai, fulfilling its social responsibilities.

2. Focusing on research and development and enhancing technological innovation capability

The bundled cables developed by the Group passed the test for flame retardant performance carried out by cooperated manufacturers, and their samples were sent for comprehensive performance testing. The fire-resistant cables completed all tests and obtained a qualified report and won the bid for the projects of Zhuzhou Electric Locomotive Works. The Group selected several suitable silicone rubber materials to prepare well for the trial production of silicone rubber cables that meet the EN50382 standard; it identified suitable materials for the production of thin-walled cables that meet the EN50306 standard, laying the foundation for the Company to expand the CRCC certification units of its products.

3. Focusing on principal businesses and strengthening investment management

The Group continued to collect the receivables in respect of the equity transfer of Putian Fasten. On 28 May, Chengdu PUTIAN received a payment of RMB16 million in respect of the equity transfer from the transferee. As for the application for liquidation made by Chengdu Yuexin Telecommunications Materials Co., Ltd., a continuously loss-making company, the law firm completed the collection of information and filed a bankruptcy petition with the court. The liquidation of New Dragon Network was approved by the headquarters of PUTIAN, and the Company is now cooperating with the majority shareholders for the implementation of this matter in an orderly manner.

4. Strengthening internal control and raising awareness of risk prevention

The Group maintained an indicator system for the quarterly monitoring of significant risks and risk classification and detection by completing the risk investigation tasks organized and arranged by China Putian with due care and carrying out risk identification and classification tasks at all levels as well as monitoring the identified risks and issuing warning notification and formulating corresponding measures in a timely manner. The Group cooperated with China Electronics Technology Group Corporation Limited (中國電子科技集團有限公司) (“**China Electronics Technology**”) in conducting legal due diligence on China Putian and related companies. The Group implemented the contract review system to ensure a contract review rate of 100%. As of May, a total of 191 contracts were reviewed, mainly involving contracts for procurement and sales, with a review amount of approximately RMB192 million.

5. *Being committed to special tasks to serve production and operation*

The Group placed more efforts into team building and training and continued the recommendation and selection of reserved cadres. A total of 16 candidates were recommended by various departments and 10 of which were determined to be included in the Company's reserved cadre pool for training by the Party committee of the Company after discussion.

The Group deepened its work on the reduction and control of the "Two Funds" by checking its accounts receivable and inventory and dealing with previous unresolved issues.

The Group continued to carry out the three-year special rectification of production safety by updating the list of major hidden dangers for rectification in the focused and target years from 14 items to 18 items, and implementing the rectification as planned. In order to further improve its system development, the Group published and revised one of its systems in the first half of the year, providing a basis and guarantee for the standardization of the Company's corporate governance.

(III) FINANCIAL ANALYSIS

As at 30 June 2021, the Group's total assets amounted to RMB1,061,673,852.20, representing an increase of 0.16% from RMB1,059,989,968.23 as at the end of last year, of which the total non-current assets amounted to RMB312,497,004.17, accounting for 29.43% of the total assets and representing a decrease of 4.87% from RMB328,504,063.70 as at the end of last year.

As at 30 June 2021, the Group's total current assets amounted to approximately RMB749,176,848.03, accounting for 70.57% of total assets and representing an increase of 2.42% from RMB731,485,904.53 as at the end of last year. The net cash flows from operating activities of the Group for the Period amounted to RMB-19,399,934.85, while the net cash flows from operating activities for the corresponding period last year amounted to RMB-44,670,825.53.

As at 30 June 2021, the Group's bank balances and cash (including deposits with encumbrance) amounted to RMB421,505,743.59, representing a decrease of 0.78% from RMB424,800,107.42 as at the end of last year.

As at 30 June 2021, the Group's total liabilities amounted to RMB176,498,363.65 (as at 31 December 2020: RMB156,580,028.65). The liability-to-total-asset ratio was 16.62%, representing an increase of 1.85% as compared with 14.77% as at the end of last year. Bank and other loans 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 selling expenses, administrative expenses, research and development costs and finance costs amounted to RMB4,039,075.13, RMB20,137,285.38, RMB5,439,966.60 and RMB-3,811,679.29 respectively, representing an increase of 15.52%, an increase of 10.05%, an increase of 1.33% and a decrease of RMB1,772,046.65 from RMB3,496,367.55, RMB18,297,986.90, RMB5,368,393.82 and RMB-2,039,632.64 for the corresponding period last year, respectively.

During the Period, the average gross profit margin of the Group was 4.96%, representing an increase of 0.47% from 4.50% for the corresponding period last year.

1. *Analysis of liquidity*

As at 30 June 2021, the Group's current ratio and quick ratio were approximately 6.36 and approximately 5.03, respectively.

2. *Analysis of financial resources*

As at 30 June 2021, the Group's long-term borrowings amounted to RMB5,685,044.18. As the Group's bank deposits and cash amounted to RMB421,505,743.59, the Group had 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 the issuance of shares by the Company. To ensure reasonable utilization of its 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 2021, the Group had no contingent liabilities (31 December 2020: Nil).

(IV) BUSINESS OUTLOOK

In the second half of 2021, the Company will seize the opportunity arisen from the reorganisation between China Putian and China Electronics Technology to invest most of its resources in attaining business growth by reducing costs while increasing efficiency as well as optimising and improving internal control, thereby striving for the accomplishment of various business goals.

I. Operating situation and the measures taken

1. Optical telecommunications business

At present, although the market of optical fibers has stopped the falling trend and slightly rebounded, their prices will remain at a lower level. The Company needs to enhance its quality and efficiency of every part of the operation such as the procurement, production and sales and lower its costs of raw materials in response to the market competition, and meanwhile it needs to maintain a relatively high selling price to achieve the goal of reducing losses. Without compromising product quality, the Company will select suppliers in a stringent manner and precisely control its procurement volume, thereby constantly reducing costs while increasing inventory turnover. The Company will put more efforts into the production and sales of customized optical fibers and the fibers with a small diameter such as G657A2 and G657A1.

2. Energy transmission cable business

The Company will continue its efforts in increasing revenue from market development and sales, reducing production consumption and lowering costs while enhancing efficiency of every part of the operation to strive for a turnaround. By focusing on its principal business of cables for rail transportation, the Company will expedite its business structure adjustment in an orderly manner. It will continue to invest more resources to explore the track cable market by paying attention to the changes in the new energy as well as power cable and controlled cable market, and strengthen the internal management of the market by establishing a joint control and assessment mechanism that links sales expenses with the completion rate of target tasks. The Company will also continue to implement technical process optimisation and accountability system for material modification projects to reduce its costs of the materials used.

3. Park operation

The Company will continue the implementation of COVID-19 prevention and control measures according to the requirements of the normalized epidemic prevention and control, aiming to guard against imported cases and prevent a resurgence in local cases.

II. Continuously improving management and effectively promoting sustainable development with enhanced quality and efficiency

Benchmarking against the leading companies in the industry, the Company will focus on solving outstanding problems arisen from foundational management, thereby vigorously facilitating the Company's development with enhanced quality and efficiency.

1. Strengthening the leadership of Party construction to facilitate the in-depth integration of Party construction and the Company's production and management

In light of the "100th Anniversary of the Founding of the Party", the Company will continue to promote the Party committee's study and education activities in relation to the Party's history, thereby strengthening the results of the study. The Company will monitor the normalization of study among branches by procuring them to implement "Two Studies, One Action" according to the actual production and operation. The Company will further establish its enterprise practice and improve each of its systems to regulate the behavior of members and cadres of the Party; it will also endeavor to further promote the establishment of an environment with integrity among employees at different levels. Meanwhile, the Company will put adequate efforts into the preparation for changes in the composition of the next session of the Party committee to ensure that the new session of the Party committee will be commenced on time.

2. Achieving breakthrough in the enhancement of quality and efficiency by benchmarking against the leading companies

In light of the three-year reform requirements of state-owned enterprises, the Company will enhance its operating efficiency and management effectiveness by benchmarking against the leading companies in the industry and the management requirements of China Electronics Technology.

Benchmarking against strategic management, the Company will adhere to the guidance of strategic business plans to ensure the implementation of strategic plans on its entities. The Company will follow up the subsequent matters in relation to the transfer of 12.5% equity interests of Putian Fasten to ensure that the consideration and interest for the equity transfer of Putian Fasten will be collected in full by the end of this year. It will also continue to expedite the progress of the liquidation of Chengdu Yuexin Telecommunications Materials Co., Ltd. and New Dragon Network, with an aim to complete the relevant disposals as soon as possible.

Benchmarking against operational management, the Company will continue to improve its gross profit margin and enhance its operating quality on an on-going basis, thereby attaining effective business growth. First, it will enhance its business competitiveness and increase its market influence of energy transmission cable products. Second, it will strengthen the efforts in cost and expense control and the "Two Funds Management". Third, it will clean out and dispose of inefficient and invalid assets. Fourth, it will put more efforts into the realization of informatization by promoting the in-depth integration of its businesses and informatization.

Benchmarking against science and technology management, the Company will increase investment in research and development to establish a market-oriented innovation system. It will focus on exploring the existing locomotive cable market by further identifying the existing loyal customers' demands for products to develop projects step by step with reference to the technical difficulties of product development, aiming to expand its coverage in the locomotive cable market; it will carry out research and development of silicone rubber cables and promote the industrialization of bundled cables; it will also carry out research and development of high-value-added products with high gross profit such as the high-end and high-frequency coaxial cables, low-frequency installed cables, special cables and components, and invest relevant resources in the projects to realize the upgrade and transformation of product portfolio covering various types from the low-end to the high-end. It will also establish the Chengdu Putian Cable Testing Center. Meanwhile, it will strengthen its cooperation with schools and various enterprises, thereby accelerating the Company's product research and development. It will reinforce the cultivation of scientific and technological talent and team building to unleash the innovative vitality of such scientific and technological talent.

Benchmarking against risk management, the Company will strengthen its internal risk investigation and strictly prohibit trade business and disguised financing trade business that are unrelated to its principal businesses. It will further raise its risk prevention and control awareness and ability to resolutely minimize the exposure to major risks. It will also implement relevant requirements of accountability for illegal operations and investments to improve the accountability systems and operating plans. Meanwhile, it will continue the implementation of "Three-system Management" and reinforce the safety and environmental protection management to prevent accidents related to production safety, thereby ensuring the smooth production and operation of business.

3. *Implementing the three-year reform of state-owned enterprises to attain effective benefits from the reform*

The Company will optimize its resources deployment to focus on the existing substantive businesses by enhancing the integrated competitiveness of the substantive businesses; it will also promote the implementation of special governance for loss-making enterprises to achieve a turnaround as soon as possible. Meanwhile, it will complete the equity disposals of the non-controlling loss-making subsidiaries in accordance with the equity disposal plans to reduce losses. It will deepen its system and mechanism reform and further enhance the performance appraisal of all employees. It will also evaluate the necessity and feasibility of the mixed-ownership reform of certain entities.

4. *Strengthening foundational management and enhancing capability in operation guarantee*

The Company will further establish the function and positioning of its headquarters and systematically develop its corporate structure to improve the operating mechanism of the corporate. It will also improve its systems by expediting the institutionalized, standardized, streamlined and informatized management to strengthen the implementation and monitoring of systems. The Company will standardize and improve its bidding procedures by implementing centralized procurement in strict accordance with relevant regulations.

OVERDUE TIME DEPOSITS

As at 30 June 2021, the Group did not have any other deposit and trust deposit with non-banking financial institutions nor time deposits that cannot be recovered on maturity.

INCOME TAX

Chengdu SEI Optical Fiber Co., Ltd., a subsidiary of the Company, obtained the High-tech Enterprise Certificate on 11 September 2020. The certificate is valid for 3 years. The certificate number is GR202051001074. It is subject to an enterprise income tax at a reduced tax rate of 15% from 2020 to 2022.

PLEDGE OF ASSETS

As at 30 June 2021, no asset has been pledged by the Group as security for bank loans (31 December 2020: Nil).

SIGNIFICANT EVENTS

On 23 June 2021, the Company was informed by China Potevio Company Limited (中國普天信息產業股份有限公司) (“**China Potevio**”), the controlling shareholder of the Company, that after examination by the State-owned Assets Supervision and Administration Commission of the State Council (“**SASAC**”) and submission to and obtaining approval of the State Council, consent is given for the implementation of reorganisation between China PUTIAN Corporation (中國普天信息產業集團有限公司) (“**China Putian**”), the sole shareholder of China Potevio, and China Electronics Technology Group Corporation Limited (中國電子科技集團有限公司) (“**China Electronics Technology**”) (the “**Reorganisation**”). The entire equity interests in China Putian will be transferred into China Electronics Technology at nil consideration and China Putian will become a wholly-owned subsidiary of China Electronics Technology. China Putian will no longer perform the contributor’s duties on behalf of SASAC. Upon completion of the Reorganisation, the percentage of shareholding of China Potevio in the Company will not change, and the de facto controller of the Company will be changed from China Putian to China Electronics Technology.

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 integrating risk management into day-to-day operations. The Group’s risk management targets to seek appropriate balance between risks and benefits and to minimize the impacts of risks on the Group’s operating performance and maximize the interests of the shareholders and other equity investors. Based on such objectives, the Group’s primary 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 in a timely and reliable manner and adhere to the limits.

1. Foreign exchange rate risk

The Group's foreign exchange rate risk refers to the risk arising from the increase in the foreign exchange rate of USD, which will lead to an increase in import costs and thus an increase in foreign exchange loss. The Group will closely monitor the trend of the USD exchange rate, and if necessary, adopt foreign exchange forward measures to lock in the costs of foreign exchange payments.

2. Foreign currency risk

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

3. Market risk

The market risk refers to the risk arising from the decline in market demand for the Group's products, a result of the advancement of the communication industry and the science and technology and the diluted market shares acquired by substitute products. The Group has been constantly and actively focusing on the development of the communication technology and energy transmission technology, and timely reports back to the technology system about the information on changes in the development of new technologies, which will be handled by the technology system as the development trend for product technology analysis; in connection with colleges and universities, the Group has explored ways of cooperation with various schools, making use of school resources via project cooperation to establish new models for product research and development as well as talent introduction and cultivation; meanwhile, the Group has strengthened its market forecasting capability to improve the respective management and maintenance for different levels of customers, comprising of key customers, major customers, general customers, and new customers to develop new markets.

4. Supply chain risk

The Group's supply chain risk refers to the risk arising from the changes in costs as well as the sales and delivery of key products that may be affected by the price fluctuation of key raw materials due to the impact of the international situation and the COVID-19 pandemic, affecting the Company's industrial production and sales in general. The Group will adjust its procurement strategy in a timely manner by adopting a procurement plan to lock in prices of raw materials in accordance with orders and contracts and continue to strengthen the epidemic prevention and control to ensure the safety of production.

5. Human resources risk

The Group's human resources risk mainly comprises the risk of redundant employees, the risk of low salaries and the risk of unstable workforce. 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 also maintains a training scheme for its reserved talents and sets up a reserved talent pool through the information system to provide a basis for the promotion of employees and selection of talents.

STAFF AND REMUNERATION POLICY OF THE GROUP

As at 30 June 2021, the Group had 592 (as at 31 December 2020: 625) employees. For the six months ended 30 June 2021, the remuneration for employees was RMB23,350,874.49 (the corresponding period of 2020: RMB19,649,583.44).

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

SHAREHOLDINGS 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 any 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 2021, the largest shareholder of the Company was China Potevio Company Limited (中國普天信息產業股份有限公司) which held 240,000,000 state-owned legal person shares, representing 60% of the issued share capital of the Company. As at 30 June 2021, HKSCC Nominees Limited ("HKSCC", holding shares of the Company on behalf of various clients) held 157,512,999 H Shares, representing 39.38% 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 and 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 interests in 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 2021, the Central Clearing and Settlement System (“CCASS”) participants holding 5% or more of the H Shares of the Company are shown as follows:

	Number of Shares held as at 30 June 2021	Percentage of H Shares	Percentage of total issued share capital
CCASS participants			
The Hongkong and Shanghai Banking Corporation Limited	20,249,000	12.65%	5.06%
BOCI Securities Limited	12,033,000	7.52%	3.01%
Guotai Junan Securities (Hong Kong) Limited	8,990,000	5.61%	2.25%
Bank of China (Hong Kong) Limited	8,306,000	5.19%	2.08%

Save as disclosed above, as at 30 June 2021, the Company was not aware of any other equity interests which are required to be disclosed pursuant to the SFO. The Board of the Company was not aware of any person holding, directly or indirectly, 5% or more of the interests in the H Shares of the Company.

3. Shareholdings of Directors and Supervisors

As at 30 June 2021, none of the Directors, Supervisors or the chief executive of the Company had any interests and short positions in the shares, underlying shares and 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 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 report.

5. Purchase, sale or redemption 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 entitlements

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

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (no interim dividend was paid for the six months ended 30 June 2020).

AUDIT COMMITTEE

At present, the members of the audit committee of the Board of the Company (the “**Audit Committee**”) are Ms. Fu Wenjie (Chairman), Mr. Xiao Xiaozhou and Mr. Feng Gang, 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 2021. The Audit Committee considers that the interim consolidated financial statements and interim results for the six months ended 30 June 2021 have complied with the requirements of applicable accounting standards and laws and adequate disclosures have been made.

CORPORATE GOVERNANCE CODE

The Company believes that the value and importance of good corporate governance will help enhance its corporate performance and accountability. The Company regularly reviews its corporate governance to ensure its continuous compliance with the Corporate Governance Code.

The Board considers that the Company has complied with the code provisions set out in the Corporate Governance Code during the period from 1 January 2021 to 30 June 2021 as stated in Appendix 14 to the Listing Rules of the Stock Exchange during the Period.

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 2021 interim report of the Company will be dispatched to the shareholders of the Company and will be available for inspection at the above websites in due course.

By order of the Board
Chengdu PUTIAN Telecommunications Cable Company Limited
Wu Changlin
Chairman

Chengdu, the PRC, 20 August 2021

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

Executive Directors:

*Mr. Wu Changlin (Chairman),
Mr. Hu Jiangbing (Vice Chairman),
Ms. Liu Yun,
Mr. Han Shu,
Mr. Wang Micheng and
Mr. Jiang Jianping*

Independent Non-executive Directors:

*Ms. Fu Wenjie,
Mr. Xiao Xiaozhou and
Mr. Feng Gang*