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2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



CONTENTS

Description of Report Preparation	01	Governance and Development	06
A Message from the Management	02	Corporate Governance	06
		Corporate Strategic	13
			
About Us	03		
Company Profile	03		
Core Concepts	04		
Organizational Structure	04		



Environment and Safety

Use of Resource	22
Lawful Emission	24
Hazardous Waste Treatment	25
Carbon Emission	26
Safety of Work Place	27

Product and Service

Product and Service	14
Providing High-quality Products	15
Focusing on Product Development	18
Improve Customer Service	20

Sharing and Cooperation

Sharing and Cooperation	31
Responsibility to the Employees	32
Supply Chain Responsibility	38
Responsibility to the Industry	39
Responsibility to the Community	40

Description of Report Preparation

Reporting Period

This report covers the period from 1 January 2019 to 31 December 2019, partial content of which may be beyond such time range.

Publication Cycle

This report is the fourth environmental, social and governance report published by Chengdu PUTIAN Telecommunications Cable Company Limited with a view to disclosing to all the stakeholders the actions taken and the achievements made by the Company in the aspects of environment, society and governance during the reporting period.

Scope of the Report

The report covers all the relevant information of Chengdu PUTIAN Telecommunications Cable Company Limited and its subsidiaries.

Basis for Providing Data

This report is prepared in accordance with the Guidelines to the State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities issued by the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China ("SASAC") with reference to the Environmental, Social and Governance Reporting Guide of Hong Kong Exchanges and Clearing Limited ("HKEx") and the Guidance on Social Responsibility (ISO 26000) of the International Organization for Standardization (ISO).

The financial figures in this report are denominated in Renminbi ("RMB").

Reference Description

"Chengdu PUTIAN", the "Company", "our" and "we" will be adopted instead for the expression of Chengdu PUTIAN Telecommunications Cable Company Limited. Chengdu Zhongling Radio Communications Co., Ltd. will be referred to as "Zhongling", Chengdu SEI Optical Fiber Co., Ltd. will be referred to as "SEI", Chengdu Putian New Material Co., Ltd. will be referred to as "New Material", the park where the Company is located will be referred to as "Park", and Chengdu Yuexin Telecommunications Materials Co., Ltd. will be referred to as "Yuexin".

Report Availability

This report is available in both Chinese and English versions, the electronic version of which can be downloaded on the following websites:

Website of HKEx at <http://sc.hkex.com.hk>

Website of Chengdu PUTIAN Telecommunications Cable Company Limited at <http://www.cdc.com.cn>



A Message from the Management

In 2019, under the leadership of the board (the "Board") of directors (the "Directors") and the supervisory committee ("Supervisory Committee") and the support of China Putian, the Company has promoted innovation to meet market demand, earnestly performed its duties and made considerable achievement based on the "Seven Improvements and Enhancements", which referred to improve political standing and enhance party building; improve business quality and enhance risk prevention; improve market awareness and enhance scientific and technological innovation; improve talent morale and enhance backbone training; improve group management and control, and enhance supervision services; improve cooperation and coordination, and enhance sector integration; improve compliance awareness and increase anti-corruption efforts.

The Company continues to improve the corporate governance system. The corporate governance level of the Company has been improved through continuous strengthening of the institutional construction of each governing body, optimization of dividend distribution policies, and improvement of the implementation rules of the special committees of the Board. At the same time, adhering to a scientific modern enterprise system, the Company improves the code of conduct for governing enterprises according to law and strengthens risk prevention. Sticking to problem orientation, the Company enhances its bottom-line thinking, and switches from post-event management to pre-event and inter-event management with an aim to promote the improvement of its comprehensive risk management system.

The Company strictly complies environmental protection laws and regulations, strengthens safety and environmental protection management. It endeavors to ensure the smooth development of production and operation by comprehensively conducting safety work and strictly preventing safety accidents. With further strengthening of energy conservation and environmental protection, the Company contributes to the construction of ecological civilization.

In order to maintain a harmonious and stable labor relationship with the employees, the Company continuously strengthens the building of talent teams through promoting the learning and training of cadres and employees at all levels. It exerts great efforts to improve the level of remuneration and performance management to stimulate and arouse the enthusiasm and creativity of the employees and gather the competitive efforts to promote the sustained, stable and healthy development of the Company.

In 2020, being concerned with the outbreak of the novel coronavirus epidemic ("COVID-19"), the Company quickly set up the "Leading Group of Chengdu PUTIAN on Epidemic Prevention and Control" to coordinate the prevention and control and resumption of work. Resulting from the outbreak of COVID-19, the Company faces a very difficult situation with arduous target tasks. The flow of production elements such as raw materials and labor required for production have been blocked, and normal operating activities such as logistics, production, sales, and payment collection have been severely disrupted. Under the strategic guidance of China Putian, the Board and the Company, we shall strengthen our belief in living a hard life, work hard together, and fight against the epidemics with no fear of difficulties. We shall win the war and minimize the impact of the epidemic to achieve the business development goals of the Company in 2020.



About Us

Company Profile

Established in 1958 and listed in Hong Kong in 1994, Chengdu PUTIAN Telecommunications Cable Company Limited is an affiliate of China PUTIAN Corporation Limited (hereinafter referred to as "China Putian") and a high-tech enterprise focusing on research and development, manufacturing and related services of communication and energy transmission cables. Chengdu PUTIAN takes the dual drive of "industry and resources" as its guiding ideology. Its business focuses on industrial fields such as optical communications, energy transmission, and communication technology asset innovation. The Company has a registered capital of RMB400 million and current employees of more than 600 individuals.

With the corporate spirit of "keeping stringent, creating excellence, staying realistic and striving for the best", Chengdu PUTIAN has maintained good cooperation with leading international strategic partners in the industry, introduced and digested advanced technologies, continued self-innovation and made great contributions to the development and growth of China's communications industry in different historical stages.

Due to its outstanding management and effectiveness, the Company has won the Golden Horse Award, the highest award for corporate management, and has been awarded the titles of "Advanced Enterprises", "Top Ten Enterprises" and "Special Contribution Enterprises" by local governments and industries at all levels. All products of the Company are produced in strict accordance with national standards and industry standards, and have passed three-system certification. The Company's current railway passenger cable has obtained CRCC certification (China Railways Production Certification Center) for railway products and IRIS certification (International Railway Industry Standard) for international railway quality. The Company has won dozens of titles of "high-quality products", "golden awards", and "national customer satisfaction enterprises" in the country, ministry, province and city level for its excellent products.



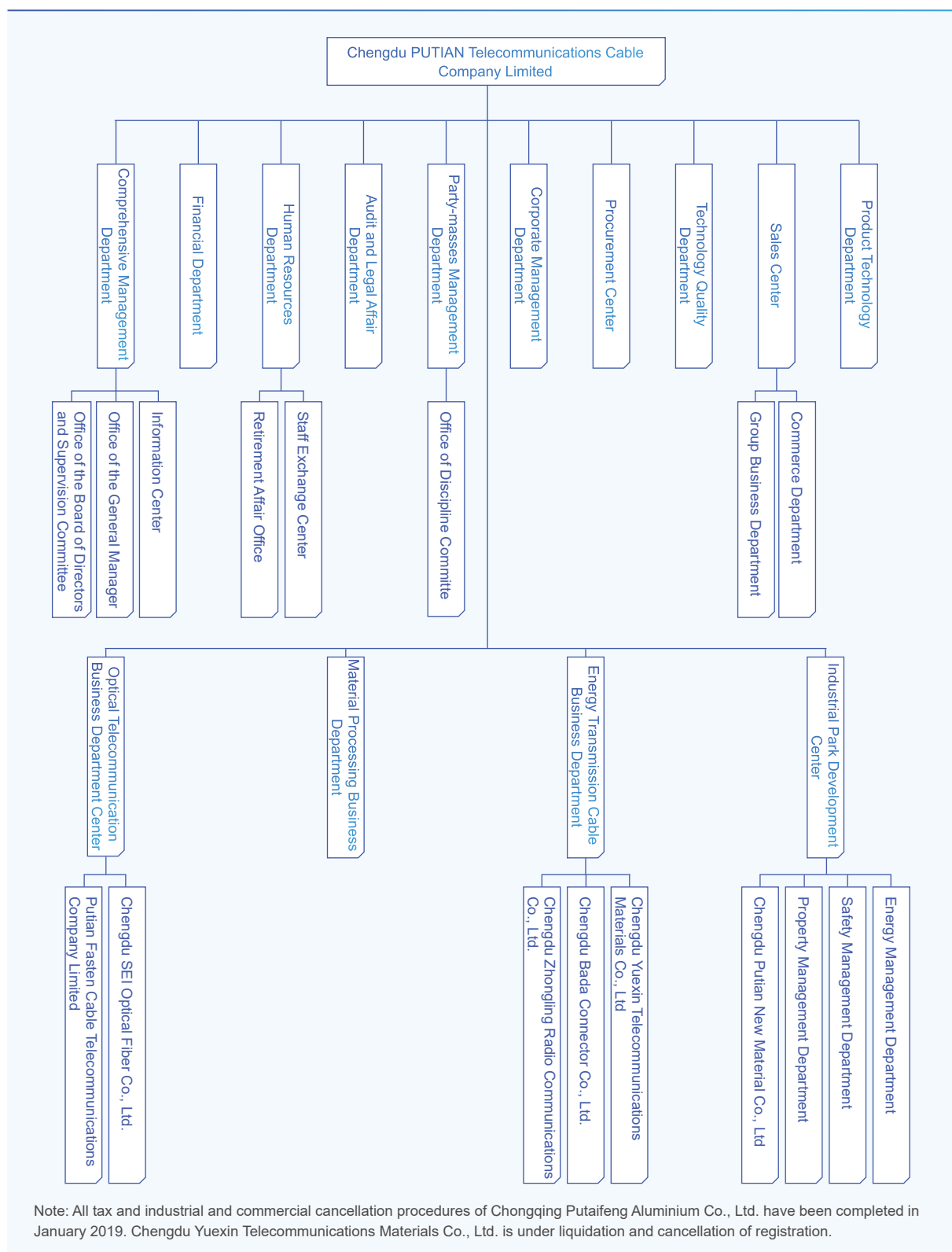
Core Concepts



Organizational Structure

In 2019, the Company made some adjustments to the organizational structure: canceled the smart electric business department; established the material processing business department; transferred the disciplinary inspection work from the audit, supervision and legal affair department to the party-masses management department which was changed into the audit and legal affair department; changed the corporate development department to corporate management department which co-organized with procurement center; established product technology department. After the adjustment, the organizational structure of the Company is more suitable for the needs of industrial development, the rights and responsibilities are clearer, and the research and development strength of products is enhanced.

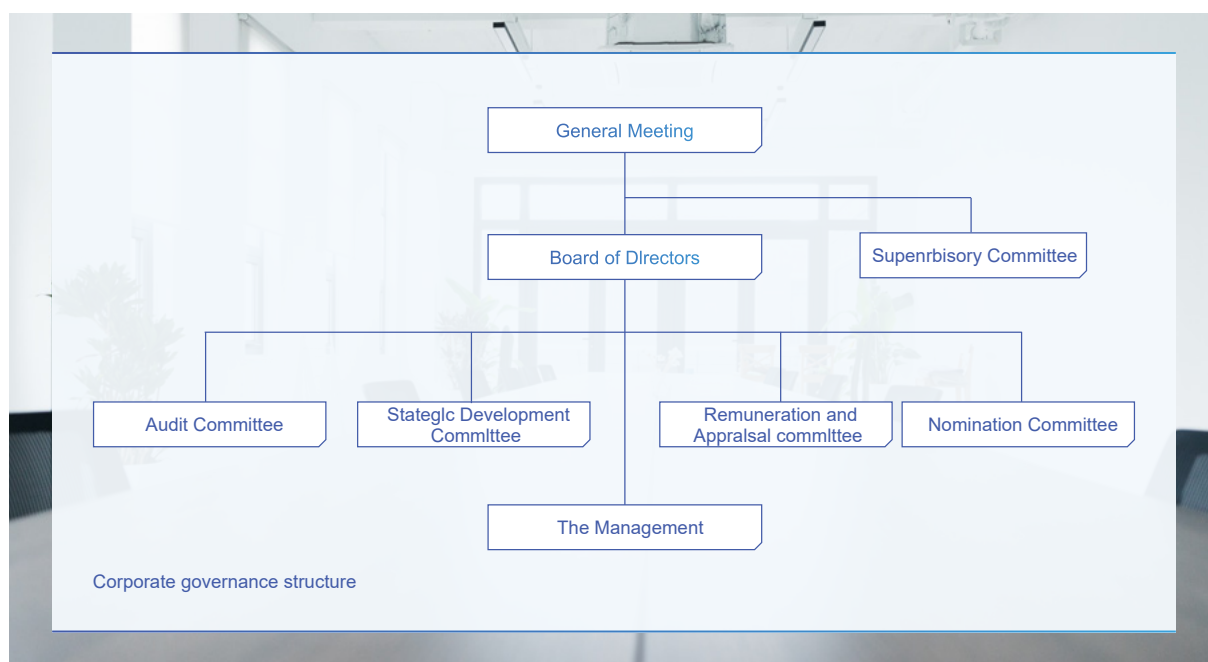
After the adjustment of the organizational structure, the Company reorganized the functions and responsibilities of each department and promulgated the newly revised Responsibilities of the Business Division and the Functional Department System. The system implements all aspects of work to the specific responsibilities of specific departments, refines the scope of work, and provides a guarantee for the Company's stable development.



Governance and Development

Corporate Governance

Chengdu PUTIAN strictly complies with the Regulations on Supervision and Management of State-owned Assets of Enterprises promulgated by the SASAC and the Listing Rules of Hong Kong Stock Exchange, and it is committed to improving the corporate governance continuously to protect the rights and interests of shareholders and other stakeholders.



General Meeting

The general meeting represents the highest authority of the Company and decides important matters of the Company. The Company releases annual reports, interim reports and announcements every year to timely disclose information and establish and maintain a smooth communication channel with shareholders. At the same time, the Company attaches great importance to the general meeting of shareholders, requiring all directors and senior managements to make their best efforts to attend the meeting and conduct direct and effective dialogue with shareholders.

In 2019, the Company held one annual general meeting. At the meeting, the directors reported the Company's operating status to the shareholders and answered questions from shareholders.

Board Meeting

The Board of the Company consists of 9 members, including 6 executive directors and 3 independent non-executive directors. At the same time, in accordance with the Corporate Governance Code, the Company set up four special committees under the Board: the Strategic Development Committee, the Audit Committee, the Remuneration and Appraisal Committee, and the Nomination Committee. The ninth board of directors of the Company was elected by the first extraordinary general meeting in 2018 and the 2018 annual general meeting of the Company.

Meetings of the Board and special committees held by Chengdu PUTIAN in 2019		
Category	Frequency	Content
Board meeting	7	Completed the consideration and approval on five proposals of the Company: 2018 annual results announcement and annual report, 2019 interim results announcement and interim report, revision on the implementation rules of the special committee of the board of directors, the appointment of the deputy general manager, significant transactions and continuing connected transactions.
Strategic Development Committee	1	Deliberated on the three-year development plan of the Company.
Audit Committee	2	Reviewed the annual results and related accounts for 2018, the interim results and related accounts for the six months ended 30 June 2019, and discussed the matters relating to the internal control of the Company and other work as required under the Corporate Governance Code.
Remuneration and Appraisal Committee	1	Deliberated on the remunerations of senior management.
Nomination Committee	1	Reviewed the composition of the Board and examined the candidates for senior management.

Members of the ninth board of directors of Chengdu PUTIAN and their attendance on the Board Meeting		
Name	Title	Attendance
Mr. Wu Changlin	Chairman, Executive Director, Chairman of the Strategic Development Committee	7/7
Mr. Hu Jiangbing	Vice Chairman, Executive Director, Member of the Strategic Development Committee	7/7
Mr. Han Shu	Executive Director, Member of the Remuneration and Appraisal Committee	7/7
Mr. Wang Micheng	Executive Director, Member of the Nomination Committee	5/7
Ms. Xu Liying	Executive Director, Member of the Remuneration and Appraisal Committee	7/7
Ms. Liu Yun	Executive Director, Member of the Nomination Committee	7/7
Ms. Mao Yaping	Independent Non-executive Director, Chairman of the Audit Committee, Member of the Remuneration and Appraisal Committee, the Nomination Committee and the Strategic Development Committee	6/7
Mr. Xiao Xiaozhou	Independent Non-executive Director, Chairman of the Remuneration and Appraisal Committee, Member of the Audit Committee and the Strategic Development Committee	7/7
Mr. Feng Gang	Independent Non-executive Director, Chairman of the Nomination Committee, Member of the Remuneration and Appraisal Committee, the Audit Committee and the Strategic Development Committee	7/7

Supervisory Committee

The Supervisory Committee comprises three supervisors, including one employee representative and two shareholders representatives. On November 29, 2019, Mr. Zheng Zhili resigned as the supervisor and chairman of the Supervisory Committee of the Company. At present, the members of the Supervisory Committee include Mr. Xiong Ting and Mr. Liu Jun. One shareholder representative supervisor will be elected at the incoming annual general meeting.

In 2019, three Supervisory Committee meetings were held to complete daily supervision and resignation of supervisors. In addition, the members of the Supervisory Committee attended all meetings to supervise duty performance of the directors and senior management and the compliance of the decision-making procedures of the Board.

For more information on corporate governance, please refer to the 2019 Corporate Governance Report of Chengdu PUTIAN contained in the 2019 annual report of the Company.

Internal Control Management

The Company continues to rely on rules and regulations such as the Internal Control Manual and the Implementation Measures for "Three Importance and One Greatness" Decision Making (Decisions on Important Events, Important Cadres Appointment and Removal, Investment Decisions on Important Projects, and Utilization of Large Amounts of Funds). With system construction and compliance management as the starting point, we will continue to improve the Company's internal control and improve its risk management capabilities.

System Construction

In 2019, the Company continued to sort out and review the management systems of various departments and completed 53 updates. It created 15 systems, revised 30 systems and abolished 8 systems. Among the above, the Company created the Chengdu PUTIAN Assessment Management Measures to strengthen the internal management and improve the work efficiency and quality of all departments, which clarified the detailed rules for the assessment of each department according to the target responsibility and the cooperation, which is conducive to the healthy development of the Company.

At the same time, in response to the requirements of SASAC and China Putian, the Company undertake a comprehensive risk management and internal control inspection, and completed the Annual Report of Chengdu PUTIAN on Comprehensive Risk Management 2019, the Report of Chengdu PUTIAN on Internal Control Evaluation 2018 and the Report of Chengdu PUTIAN on Risk Investigation and Early Warning 2019, and the revision of the Internal Control Manual (2019 Edition) of Chengdu PUTIAN was completed.



Compliance Management

Related Party Transactions Management

The Company has required its business units to prepare related parties list and sign the Related Party Transactions Responsibility Statement, preparing and publishing the related party transaction briefings in each quarter. The Company has completed the continuing related party transaction plan and relevant compliance procedures by the end of 2019.

Listing Rules Training

In August 2019, the Company organized the listing rules training for directors, supervisors, management and relevant persons in charge, and especially conducted special training for newly established departments, which effectively improved the overall compliance awareness of the Company. Based on the training, the Company carried out compliance Q&A activities in various departments, helping the heads of each department to further consolidate the training knowledge.

Internal Audit

In 2019, the Company conducted 3 special audits in total, including 1 departure audit, 1 special audit, and 1 economic benefit audit. Among them, in terms of the special audit for Zhongling, it analyzed the production and operation situation and asset status of Zhongling, and put forward management suggestions in respect of production management, economic benefits, energy saving and consumption reduction, etc., to help Zhongling further strengthen its internal control construction.



Directors, supervisors and management participated in the compliance training in 2019

Anti-Corruption and Anti-Fraud

In 2019, under the leadership of the disciplinary commission of China Putian and the party committee of Chengdu PUTIAN, the Company continued to carry out the party-style honest and anti-corruption working by implementing the responsibility system for the construction of a party-style honest environment, strengthening supervision over the disciplinary commission and conducting theme education. No corruption or fraudulent case occurred during the reporting period.

Implementing the responsibility system for the construction of a party-style honest environment.

At the Conference of Party Building and Party-style Honest Environment Construction of Chengdu PUTIAN in 2019, members of the party committees and leaders of party office in each unit of the Company totaled 18 persons signed Chengdu PUTIAN Responsibility Letter for the Construction of a Party-style Honest Environment with party leaders of all units. The letter brought the division of responsibilities into practice to clarify the "one post, two responsibilities" requirements for party leaders acting as the first responsible person for construction of a party-style honest environment and the leading cadres of party members. In this way, the requirements for the construction of a party-style honest environment were incorporated into the work of party members. At the 14th Employee Representative Meeting of the Company, 49 middle-level or above leading cadres submitted their work and honest performance reports to the meeting and accepted the supervision of the employee representatives.



與中住光纖



與中菱公司



與產業園發展中心黨支部



與審計監察法務部黨支部

Signing the Responsibility Letter at the Conference of Party Building and Party-style Honest Environment Construction of Chengdu PUTIAN in 2019

Further strengthening supervision over the disciplinary commission.

The disciplinary commission of the Company continued to strengthen the supervision of the party committee to study and discuss major issues as the pre-procedure, so as to effectively ensure that the major decisions must be discussed and decided by the party committee in advance, and also revised the Implementation Measures for "Three Importance and One Greatness" Decision Making. We continued to strengthen supervision over the selection and appointment of officials, conducting inspections and talks to five newly promoted officials. In addition, we continued to accept and handle reports by phone and email, and reported to the party committee of the company and the disciplinary commission of China Putian on a monthly basis. In 2019, the Company also carefully checked its business dealings with the companies run by relatives of leaders and other specific stakeholders. Through self-examination and self-correction, no such situation occurred in the Company.

Conducting theme education of "Remain True to Our Original Aspiration and Keep Our Mission Firmly in Mind".

The theme education of "Remain True to Our Original Aspiration and Keep Our Mission Firmly in Mind" is an important task for in-depth study and implementation of Xi Jinping's thought of Chinese characteristics in the new era. According to the requirements of the theme education of "Remain True to Our Original Aspiration and Keep Our Mission Firmly in Mind" of China Putian, the Company has promoted the implementation from the aspects of learning and education, research, inspection, and implementation of rectification. A total of 4 theoretical study sessions and 13 collective study seminars were organized. 8 rectification measures were formulated in respect of 9 existing problems in the discipline inspection work. Through the theme education, the Company resolutely implemented various measures to promote and prevent corruption by strengthening the supervision for disciplinary inspection and strict requirements for leading cadres.



Theme Education and Democratic Life Meeting of Discipline Inspection Committee of the Company Held in August 2019







ESG Governance

Since 2016, Chengdu PUTIAN has regularly released the Environmental, Social and Governance (ESG) Report every year, establishing a communication platform with stakeholders and reporting on the Company's actions and performance in ESG. At the same time, the Company has invited industry experts to carry out ESG-related training every year, and integrated relevant environmental, social and governance indicators in daily operations and management. In FY 2020, the Company will establish an ESG governance group, which will be temporarily set under the strategic development committee.

The organizational structure is as follows:



► Communication with Stakeholders

Key stakeholders	Subject of concern	Major ways of communication	Major actions and responses
 Investors	<ul style="list-style-type: none"> ◎ Shareholders' rights and interests ◎ Corporate governance and risk management 	<ul style="list-style-type: none"> ◎ General meeting ◎ Financial reports ◎ Results reports 	<ul style="list-style-type: none"> ◎ Ensuring the quality and efficiency of information disclosure ◎ Keeping close communication ◎ Treating shareholders equally
 Customers	<ul style="list-style-type: none"> ◎ Product quality ◎ Service quality ◎ Protection of customer information 	<ul style="list-style-type: none"> ◎ Customer survey ◎ Aftersales service and complaint ◎ Visiting customers ◎ Customer satisfaction survey 	<ul style="list-style-type: none"> ◎ Providing and ensuring product quality ◎ Conducting survey on and improving customer satisfaction ◎ Improve service quality
 Employees	<ul style="list-style-type: none"> ◎ Employees' rights and interests ◎ Remuneration system ◎ Training and development ◎ Work environment ◎ Physical and mental health 	<ul style="list-style-type: none"> ◎ Activities of the union ◎ Employee training ◎ Employee activities ◎ Occupational safety 	<ul style="list-style-type: none"> ◎ Supporting employees to join the union ◎ Supporting employee training and skill training ◎ Providing occupational health inspection for the employees ◎ Occupational safety protection ◎ Monitoring work environment
 Governmental and regulatory authorities	<ul style="list-style-type: none"> ◎ Lawful operation ◎ Governance transparency ◎ Tax payment in full ◎ Resource conservation 	<ul style="list-style-type: none"> ◎ On-site inspection ◎ Official documents ◎ Policy implementation ◎ Information disclosure 	<ul style="list-style-type: none"> ◎ Consciously assuming tax obligations ◎ Contributing to the development of the industry by sharing experience ◎ Ensuring the quality and timeliness of information disclosure ◎ Improving corporate governance to ensure the legality and compliance of operation and management
 Partners	<ul style="list-style-type: none"> ◎ Fair competition ◎ Lawful operation ◎ Mutual benefit 	<ul style="list-style-type: none"> ◎ Public tender and bid ◎ Negotiation on cooperation 	<ul style="list-style-type: none"> ◎ Ensuring the public and transparent disclosure of tender and bid-related information ◎ Sharing technologies
 Communities and the public	<ul style="list-style-type: none"> ◎ Environmental protection ◎ Social public benefits ◎ Excellent brand image 	<ul style="list-style-type: none"> ◎ Information disclosure ◎ Public inquiry 	<ul style="list-style-type: none"> ◎ Improving security level ◎ Publishing environmental, social and governance report

Corporate Strategic

Strategic position: To cater to the demand of new infrastructure network construction, provide reliable optical communications and energy transmission cable related products, as well as high-quality electronic information industry park services; strengthen the physical industry through two drivers of industry and resources.

Among which:

Positioning of optical communication industry

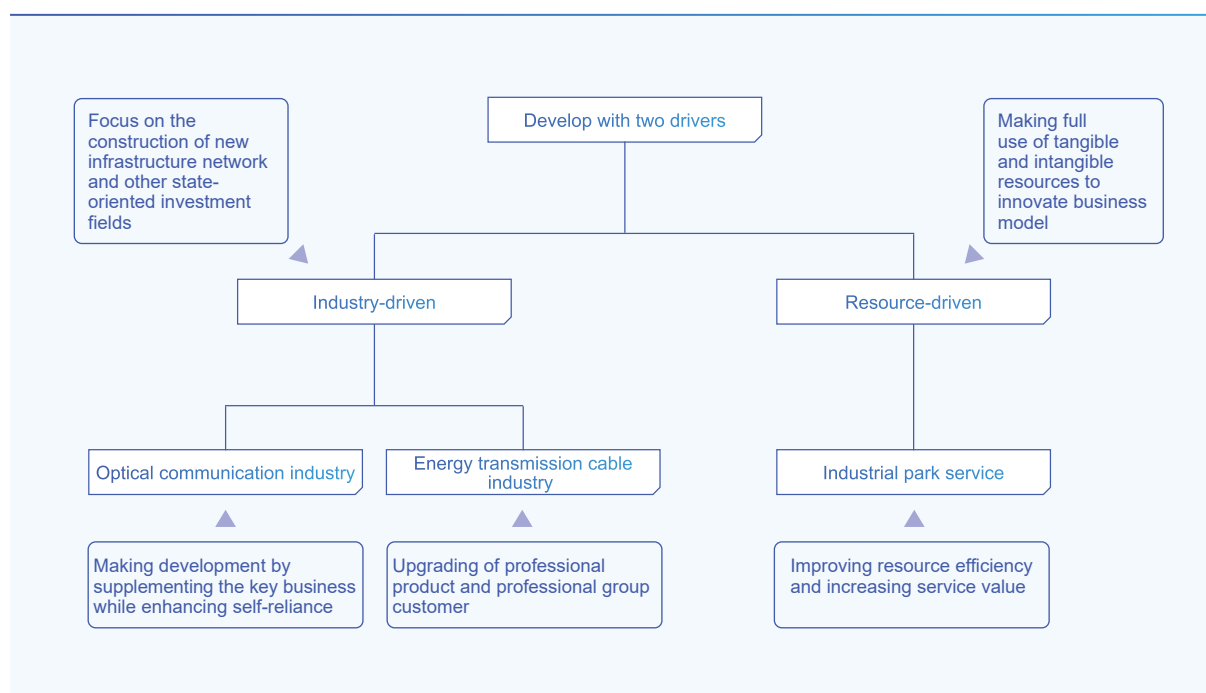
Take G657 and other featured optical fibers with brand influence as core profitable products, deeply cultivate FTTx indoor market segments, and increase sales volume of products with higher profits such as G657 according to market conditions; make full use of the newly added capacity to enhance the profitability of optical fiber production and marketing; explore the optical fiber industry chain to extend to the upstream optical rod to enhance the expansion capacity of optical fiber products.

Positioning of energy transmission cable industry

Focusing on rail transit and other professional group customers and local construction market segments, strengthen technology development to promote the upgrading of copper cable products, and build core competitiveness around rail cable and other high-end electrical equipment cable to increase profits as soon as possible.

Positioning of industrial park services

Build a service guarantee platform for property, energy and safe production by improving the efficiency of resource utilization, and gain more benefits for the Company through the operation and management of houses and land assets of the Company and the holding company as well as the strict control of energy consumption. In accordance with the key industrial park plan for Chengdu hi-tech west district, we will introduce the high-tech enterprises and gradually upgrade the service of the industrial park.



Picture: Chengdu PUTIAN Industrial Strategy



Product and Service

The Company is committed to building a reliable lifeblood of information and energy transmission for the "Internet +" intelligent era, providing customers with intelligent and environmentally friendly, high-quality and reliable photoelectric cable products and related services for information transmission and energy transmission.

Providing High-quality Products

The Company adheres to the quality, environment and occupational health and safety policy of "meticulously manufacture to ensure quality; protect the environment to keep safe and healthy; abide by laws and continue to improve". It passed the ISO9001 quality management system certification. All products are manufactured in strict accordance with national standards, industry standards and International Electrotechnical Commission (IEC) international standards.

Optimizing Management System

From July 2018 to June 2019, the Company conducted a one-year management review, which mainly focused on quality, environmental and occupational health and safety management systems in terms of the management policies, goals, internal and external audits, customer opinions and customer satisfaction rates, and changes in the internal and external management systems. The review results showed that the Company's management system meets the requirements of GB/T 19001-2016, GB/T 24001-2016, and GB/T 28001-2011 edition standards. In response to the improvement opportunities found in the review, the Company put forward actions such as refining risk management, re-identifying the design and development process, and adding quality goals, and implemented in relevant departments, urging responsible departments to take measures to achieve continuous improvement.

In 2019, the Company passed the supervision and audit on the environmental management system and occupational health and safety management system by the China Quality Certification Center and the Tell Certification Center, and also completed the CE-LVD certification. CE-LVD stands for CONFORMITÉ EUROPÉENNE-Low Voltage Directive, EU [CE] certified low voltage directive. CE-LVD certified products will be qualified to enter the EU market.

Zhongling implemented refined management to improve product quality

In 2019, Zhongling carried out "fine management" activities in the process of quality control and production, to achieve refinement in product design, manufacturing, and delivery to improve product quality.



Product design

compare and measure peer products to determine benchmark samples; optimize product structure, reduce the amount of copper, control the thickness of insulation layers, reduce the amount of plastic, etc;



Manufacturing

reduce consumption, improve product qualification rate, grasp the temperature value of each production area, make preparations in advance, strictly control and reduce energy consumption. Standardize operations and pay close attention to the key stages of production to improve product qualification rates. On the basis of meeting the delivery time, minimize the frequency of changing specifications during production to reduce waste of materials, energy, manpower and time. On the basis of satisfying staffing arrangements, arrange continuous production as much as possible to reduce waste of energy consumption during shutdown and start-up.



Delivery

Optimize packaging methods, and reduce packaging costs by replacing bamboo fences with foam for large-size cable packaging.

Building a Quality Culture

The Company strengthens the construction of quality culture by organizing various of activities such as enterprise quality month and quality control team, and completes quality analysis reports on a quarterly basis. At the same time, in order to continuously improve quality awareness of employees and consolidate standard operating practices, the Company conducts internal and external training to allow the employees to learn the latest quality standards and specifications.

2019 Quality Month

In September 2019, in conjunction with the annual "Quality Month Activity", the Company conducted quality knowledge contests through "Online Platform of Comprehensive Quality Management Knowledge Contest for National Enterprise Employee" on the China Quality Network. The content of the contest includes important aspects such as quality and quality management, ISO9000 standards, comprehensive quality management, standardized management, excellent performance management, efficiency management, on-site management, QC activities, inspection management, and quality management tools. A total of 107 employees participated in the contest, creating a good learning atmosphere throughout the Company, and promoting the further improvement of the quality awareness of all employees.

Quality Control Team

Quality control (QC) group activities refer to the self-organization of employees who use the theory and methods of quality control to conduct research to promote the development of the Company in terms of the production and operation by improving product quality, reducing consumption, improving staff quality and economic benefits. In 2019, the Company actively organized QC group activities and participated in the selection of QC groups organized by China Putian. The Company has established 6 teams including quality management QC team, manufacturing QC team, international rail transit cable cost reduction team, 95mm² fire current cable cost reduction team, Zhongling quality improvement team, and successfully completed reports on 1 innovative project and 4 improved projects.

Internal and External Training on Quality

The Company always attaches great importance to quality training. On one hand, it conducted standard training on equipment inspection, management system, and quality management, and on the other hand, it provided quality management personnel with the opportunity to participate in external learning. In 2019, the Company conducted 4 internal training and participated in 2 external training.

Case: Chengdu PUTIAN representatives participated in the Chief Quality Officer training held in Chengdu

During October 16 to 18, 2019, the Company representatives participated in the training for chief quality officers organized by the Training Center of Chengdu Technical Quality Supervision Bureau. The chief quality officer is the first person in charge for the quality of the enterprise. The training aims to promote the development of strong quality enterprises and improve the quality management level of the enterprise.

The training includes: enterprise brand management, quality economic analysis, national quality development policy and enterprise chief quality officer system, quality legal system, enterprise quality strategic management, enterprise quality culture management, etc.

Through the training, the enterprise representatives learned and mastered the brand management, quality economy analysis, national quality development policy, quality legal system, enterprise quality strategic management and enterprise quality culture management, which laid a good foundation for the better development of enterprise quality management.



Strictly Control Product Quality

The Company sets the overall goal of quality, environment and occupational health and safety every year, and each business division ensures the quality of products through strict production management to achieve the goal. In 2019, the Company had no serious or especially serious quality accidents, and the quality indicators of its main products all reached the goal.

► Product Qualification Rate in 2019

Product	First-time passing rate (average by year)	Qualified rate of finished products (average by year)	Producer
Bare (tinned) copper wire	100%	100%	Chengdu PUTIAN
Electric cable for electrical equipment	98.18%	98.18%	Chengdu PUTIAN
Fiber optic products	-	94.5%	SEI
Rail line	-	98.86%	Zhongling

Technical Transformation

Technical transformation refers to the transformation of backward technology with advanced technology and the replacement of backward technique and equipment with new technique and equipment, so as to achieve the purpose of improving production efficiency and product quality. In the era of changing technology, technical transformation is crucial to product quality.



In 2019, the Company carried out a series of technical transformation work, such as:

- By replacing the red laser in the monitoring instrument with a blue laser, SEI has significantly improved the monitoring accuracy of the optical fiber.
- Frame twisting machine is a mechanical device widely used for the twisting of various soft/hard conductor wires and electronic wires, and it can twist multiple single conductors into one strand to meet the technology requirement of wire. By transforming the brake system of frame twisting machine, Zhongling reduced the material consumption rate of the frame twisting machine from 0.75% to 0.55%, which means 2.2 tons of copper will be saved for every 10,000 kilometers of cable.

Quality Inspection

The Company runs through the quality inspection for the whole process of production, which is divided into seven steps: raw material inspection, wire drawing and coating, aging, screening and sub-plate, full performance test, reliability test and packaging inspection. At the same time, the Company conducts internal and external sampling and delivery inspection every year to guarantee the product quality.

In 2019, the Company completed 4 supervision and inspections on the implementation of internal inspection disciplines, once every quarter. After that, the technical quality department issued a report on the inspection of the production unit, which recorded and tracked the problems that occurred during the inspection. After four inspections, the production unit has corrected the problems presented in its product quality inspection.

During the reporting period, the single-mode optical fiber products of SEI passed the product certification supervision and inspection by the National Information Industry Optical Communication Product Quality Supervision and Inspection Center. Five products of Zhongling passed the random inspection by China Quality Certification Center.

► Inspection/Random Inspection Results for the Products of Chengdu PUTIAN in 2019

Inspection time	Inspection executor	Producer of the inspected product	Random inspection result
25 September to 27 October 2019	National Information Industry Optical Communication Product Quality Supervision and Inspection Center	SEI	Qualified
25 July 2019	China Quality Certification Center	Zhongling	Qualified
25 July 2019	China Quality Certification Center		
25 July 2019	China Quality Certification Center		
25 July 2019	China Quality Certification Center		
25 July 2019	China Quality Certification Center		

Focusing on Product Development

Chengdu PUTIAN attaches great importance to technological innovation, and takes the market demand as the guide for product development, so as to continuously improve the core competitiveness of the Company. In 2018, the Company passed the audit for high-tech enterprises in Sichuan Province, and in 2019, it won the medal and certificate of "high-tech enterprise".



Product Development Achievements

In 2019, according to customer demand and market trends, the Company's business units have jointly developed new products such as small-diameter optical fiber, electroplating wire (portable earthing short-circuit cable), welding handle wire, parallel flat power wire and video transmission cable.

Respond to new requirements: new product, new certification

In recent years, domestically, especially in large cities, regulations for the entry of optical cables have been introduced in order to meet the requirements of the city appearance and planning, which made the originally limited urban underground pipeline resources more and more tight. However, small-diameter optical fibers are increasingly favored by the market because they can lay larger-density optical fibers in the limited pipeline space.

As a result, SEI has actively developed small-diameter (outer diameter of 200um) optical fibers in response to market demand. In 2019, it produced 34764.4Km of small-diameter optical fiber, with a pass rate of over 90%. At the same time, the small-diameter optical fiber can save about 42% of the coating per month, which is lower in cost and more environmentally friendly.

According to market demand, Zhongling has developed parallel flat power cords with existing equipment. It has completed the development of H05VVH2-F parallel flat power cords in the first half of 2019 and obtained the CE certification, which means the product will be allowed to enter the EU and larger markets.



CE certification for serials of products of the Company

Intellectual Property Protection

While developing products, the Company also attaches great importance to the protection of intellectual property rights. In 2019, on the basis of the Project Management System, and Reward System for Technology Improvement, the Company completed the filing of the entity of the rapid patent pre-examination service application of Sichuan Province with the China (Sichuan) Intellectual Property Protection Center, and obtained approval from the State Intellectual Property Office. After this filing, the Company can apply for priority patent review.



During this year, the Company and Zhongling applied for three utility model patents, namely:

- a large cross-section high-soft bare copper braided conductor
- a video transmission cable for rail transit
- an adjustable crimping device for spiral crimping

In addition, SEI has applied for 5 invention patents, 3 utility model patents and authorized one utility model patent.

Improve Customer Service

For a long time, Chengdu PUTIAN adheres to "market-oriented and customer-centric", constantly improves the after-sales service, and strives to improve customer satisfaction and its credibility.

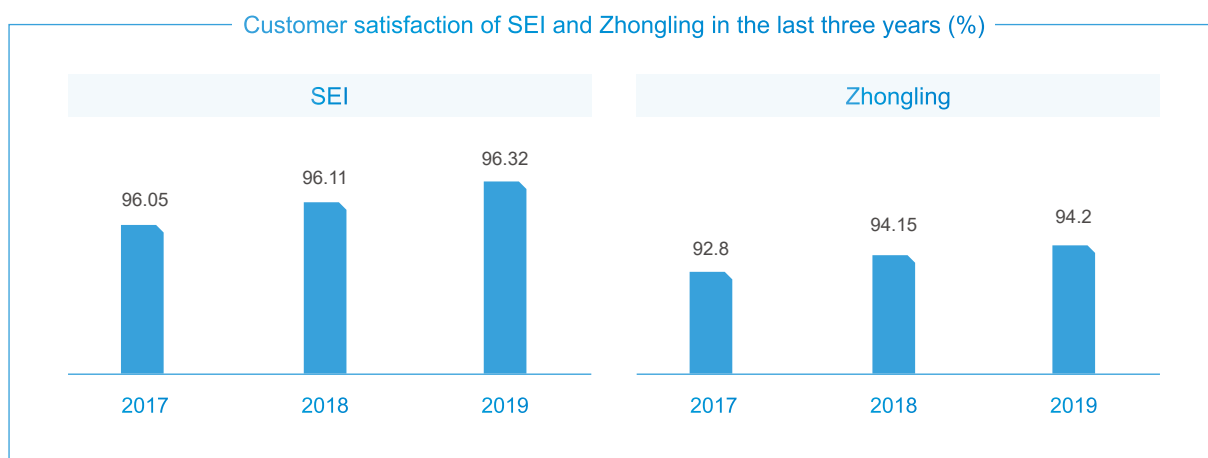
After-sales Service

In order to solve the after-sales problems of products in a timely and effective manner, the Company provides customer service in strict accordance with the "After-sales Service Control Procedure". The Company's after-sales service control procedure consists of six steps, with customer feedback, customer information, and after-sales service plan as input, and quality feedback form, customer communication record, and after-sales service plan completion form as output. Details are as follows:



Customer Satisfaction Survey

The Company conducts customer satisfaction surveys in terms of quality, service, price and delivery by issuing questionnaires and visiting irregularly. As per customer feedback, the Company requires a 24-hour service response. At the same time, the customer's opinion will serve as an important basis for quality improvement, product design and management review to urge the Company to continuously improve product and service quality.





Environment and Safety

In 2019, in accordance with the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention Law of the People's Republic of China and other laws and regulations, as well as the requirements of the Company's production safety committee, the Company signed 35 responsibility letters based on its production status and actual changes of the safety management organization system to effectively implement the responsibility system.

According to the requirements of the Chengdu Emergency Management Bureau, the Company conducted risk evaluation on its headquarters and subsidiaries, and the risk level was four (one represents the highest and four means the lowest). The Chengdu Eco-Environmental Bureau has also conducted environmental risk assessments on the headquarters and subsidiaries of the Company. And it is currently conducting a 2019 "Environmental Credit Enterprise" review. SEI, Zhongling, and New Materials have all passed the three-level compliance assessment for work safety standardization.

The Company recorded no accidents at work and occupational diseases, no fire accidents and environmental pollution accidents, as well as no penalties from public security and criminal filings and government in subordinate regions. It was awarded 2019 Work Safety Compliance Certificate issued by Work Safety Committee of Chengdu high-tech zone.



Use of Resource

► Comparisons on the utilization of productive resources

Year	Water				Electricity			
	Zhongling		SEI		Zhongling		SEI	
	Water consumption (Unit: tonnes)	Water consumption rate (Tonnes/kilometer of cable)	Water consumption (Unit: tonnes)	Water consumption rate (Tonnes/10,000 kilometers of optical fiber)	Electricity consumption (Unit: kWh)	Electricity consumption rate (kWh/one kilometer of cable)	Electricity consumption (Unit: kWh)	Electricity consumption rate (kWh/10,000 kilometers of optical fiber)
2016	234	0.03	8,645	17.20	1,169,800	150	6,688,613	13,343
2017	200	0.03	9,221	17.00	811,020	135.76	8,610,713	15,841
2018	45	0.03	8,343	14.88	225,160	150.72	8,161,287	14,557
2019	156	0.03	10,461	19.20	729,957	140.02	8,819,898	16,180

Note: The water used in the production of Zhongling is recycled water, and the water consumption is evaporation.

According to the statistical results in the above table:

- The consumption of water of Zhongling has increased from the previous year, mainly attributed to the increase of production compared to previous year, the increase of water used for ground restoration after the relocation of equipment and the increase of water used for circulating pool dredging.
- On the premise of rising electricity consumption, the electricity density of Zhongling has decreased from the previous year, which is related to the technological transformation of the Company.
- The consumption of electricity and water, and the density (energy density) have all increased, mainly attributed to:

- Affected by the economic downturn in 2019, the capacity of the newly added production line was not full, which led to a decrease in the efficiency of some production equipment, resulting in an increase in energy consumption density.
- Changes in order requirements from customers had an impact on raw materials and production processes, partly reflected in the energy consumed by repeated production.
- Part of the energy consumption was used for new production lines and infrastructure hydropower commissioning.

Year	Tap water (Unit: 10,000 tonnes)	Electricity (Unit: 10,000 kWh)	Natural gas (Unit: 10,000 cubic meters)
2016	5.09	1748.48	9.72
2017	3.91	1475.25	3.87
2018	5.79	1326.74	1.13
2019	2.02	1364.53	1.71

In 2019, the electricity and natural gas consumption of the Company remained at a similar level as compare to the present year. The water consumption was less than 50% of last year, which was mainly attributed to the improved circulating water system and increased water utilization rate.

In the product packaging process, the Company strives to use degradable and recyclable materials instead of non-degradable plastic packages, and recycle the wood materials used for packaging.

Statistics on packaging materials used for finished products in 2019 are as follows:

Packaging statistics	Zhongling	SEI
Total amount of packaging materials used for finished products (Unit: tonnes)	60	2
Amount of packaging materials used per production unit (Unit: tonnes/km)	0.0469	0.01
Amount of packaging materials recycled from finished products (Unit: tonnes)	null	0.5

Energy saving and consumption reduction and efficiency improving by Zhongling

In 2019, Zhongling took various measures to achieve energy conservation and consumption reduction and improve energy efficiency.



Water saving

In 2019, Zhongling replaced the heat exchanger (a device used to transfer heat from hot fluid to cold fluid to meet the specified process requirements, which is an industrial application of convection heat transfer and heat conduction), resulting in a significant decrease in the amount of circulating water compared with 2018. In 2019, the water consumption reduced to less than 20% of the original consumption under the same average annual output. After the transformation in March 2018, the average annual saving of recycled water will be 435,000 tons under the same output.



Electricity saving

The Company arranged reasonable production shifts through off-peak power use. In 2019, the electricity consumption was 2.5% less than 2108 under the same output.



Compressed air replacement

Before the technical transformation, a large amount of compressed air was used in the production process. After the technical renovation in 2019, compressed air was replaced by a turbo motor. The cost for power consumption of turbo motor is less than the manufacturing cost of compressed air, and it has the advantages of reducing air leakage and free control. According to statistics, under the same usage time, the compressed air consumption of a plant in 2019 has been reduced by 140,512 cubic meters compared with 2018, which has greatly saved costs.

Green Officing and Reduce paper use

Adhering to the principles of energy conservation, emission reduction and cost reduction, the Company is gradually reducing the purchase and use of paper, and promoting green energy conservation through paperless office. In recent years, the paper used by the Company has been decreasing year by year.

The cost of paper used in 2019 has decreased to 43% of the cost in 2017 and 21% of the cost in 2016.

Paper Use Cost of the Company (Unit: RMB)



Lawful Emission

Based on the ISO14001 environmental management system and its actual situation, the Company formulated a series of process management documents in respect of the emission of waste water, waste gas and noise at the plants, including the List of Important Environmental Factors of Chengdu PUTIAN Telecommunications Cable Company Limited and the Table of Identification and Evaluation of Environmental Factors.

The Company engaged a third-party testing agency, Chengdu Comprehensive Rock Ore Testing Center of Sichuan Provincial Bureau of Geology and Mineral Exploration and Development (Chengdu Mineral Resources Supervision and Testing Center of the Ministry of Land and Resources) to monitor waste water, waste gas, and noise emissions on May 6 and 22, 2019. The test report (Huanjianzi No. HJ20190707 of Chengcezhongxin) shows that the three emissions above are lower than the national statutory standards.

Type of emission	Standards met	Statutory standard value	Detection result in 2019	Emission in 2019	Emission in 2018	Description
Chemical oxygen demand (COD)	Standards of the third level in Table 4 of the Integrated Waste water Discharge Standard (GB8978-1996)	500mg/L	51mg/L	0.29 tonnes	6.84 tonnes	Waste water emission index
Ammoniacal nitrogen	Grade B standards in Table 1 of the Standards for the Quality of Waste water Discharged into Urban Sewers (GB/T31962-2015)	45mg/L	19.2mg/L	0.02 tonnes	0.65 tonnes	
Tin and its compounds	Standards of the second level in Table 2 of the Comprehensive Emission Standards for Air Pollutants (GB16297-1996)	8.5mg/m ³	1mg/m ³	0.54 KG	Null	Waste gas emission index
Sulfur dioxide (SO ₂)	Emission standards in Table 3 of the Standards for the Emission of Air Pollutants by Boilers (GB13271-2014)	50mg/m ³	N/A	N/A	0.00562 tonnes	
Nitrogen oxide	Emission standards in Table 3 of the Standards for the Emission of Air Pollutants by Boilers (GB13271-2014)	150mg/m ³	N/A	N/A	0.05873 tonnes	
Noise	Standards of the third class in Table 1 of the Standards for Noise Emission at the Boundaries of the Plants of Industrial Enterprises (GB12348-2008)	Noise in the daytime: 65dB (A); And noise at night: 55dB (A)	Detection result for the noise in the daytime is 58.5dB (A)	N/A	N/A	Noise emission index

Above Table: Table of Detection Results for Waste Gas, Waste water and Noise

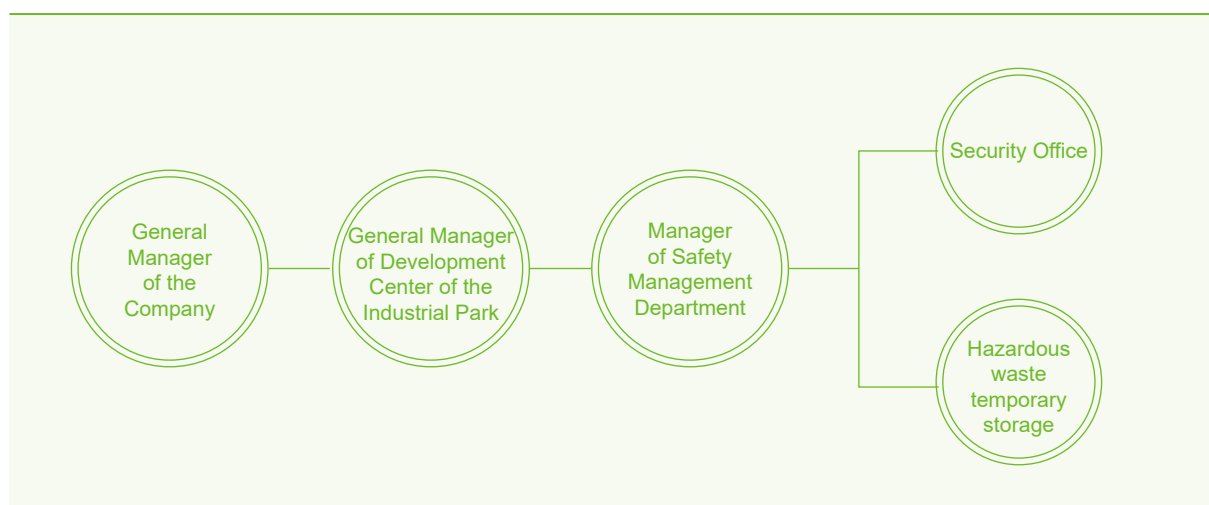
In 2019, through environmental governance, the Company has achieved certain results in reducing waste water emission. Compared with 2018, both sewage monitoring indicators have dropped significantly, and the total annual emissions of chemical oxygen demand and ammonia nitrogen accounted for only 4.24% and 3.08% of the previous year.

No sulfur dioxide and nitrogen oxide was detected in the exhaust gas emissions in 2019, so its value is null. At the same time, tin and its compounds were detected for the first time with an annual emission of 0.54 kg.

Hazardous Waste Treatment

According to Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, Administrative Measures for the Transfer of Dangerous Wastes and other laws and regulations, the Company has formulated Hazardous Waste Management Plan for hazardous wastes generated in the production process. The plan stipulates the competent departments, management system, management structure of hazardous waste, overview of hazardous waste generation, reduction plans and measures, hazardous waste transfer situation, and disposal measures, etc.

The hazardous waste management structure of the Company is as follows:



During the reporting period, the Company entered into the Entrustment Agreement for the Safe Disposal of Dangerous Waste and the Entrustment Service Contract for the Disposal of Dangerous Waste with Sichuan ZM Environment Improvement Co., Ltd. and Sichuan Lvyi Huafu Petrochemical Technology Co., Ltd., respectively.

In 2019, the dangerous waste of the Company is mainly produced in the production process of its holding subsidiaries.

The statistics on the wastes of Zhongling for the last four years are as follows:

Category of wastes		2016	2017	2018	2019
Other wastes	Unit: tonnes	5.13	2.431	0	0.137
Dangerous wastes		0.716	1.165	7.165	19.555
Volume of hazardous wastes generated per unit of production (unit: tonnes/10,000 kilometers of cable)		0.91806	1.9501	28.4	37.5

The statistics on the wastes of SEI for the last four years are as follows:

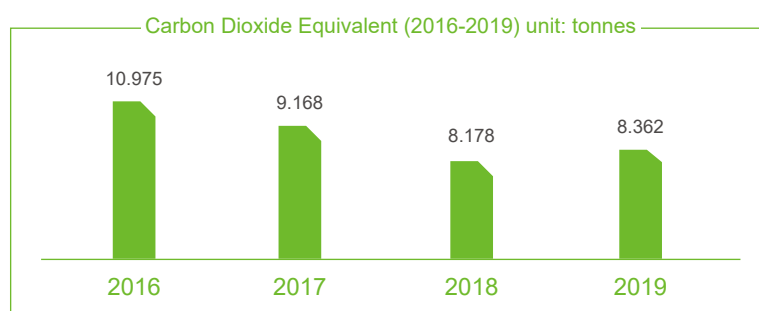
Category of wastes	2016	2017	2018	2019
Dangerous wastes (Unit: tonnes)	0.85	0.85	0.85	1.8
Volume of hazardous wastes generated per unit of production (unit: tonnes/10,000 kilometers of optical fiber)	0.0017	0.0015	0.0015	0.0033

Among them, volume of hazardous wastes generated per unit of production of Zhongling has increased in 2019 for the following reasons:

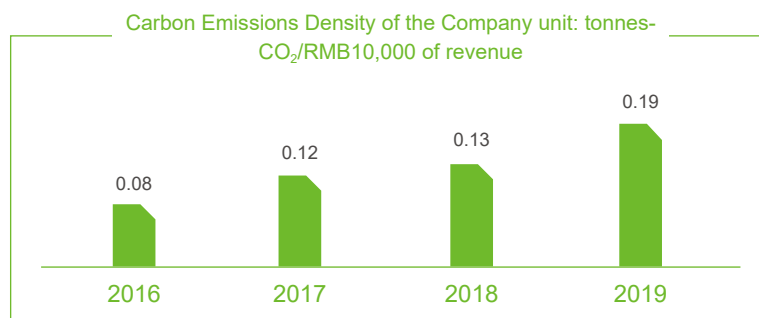
- The products of Zhongling are not specific cables or related components.
- Products of Zhongling have different requirements in different periods, and the raw materials and production processes may vary due to customer orders.

Carbon Emission

In 2019, the carbon dioxide equivalent emissions of the Company were roughly the same as the previous year. Affected by the economic downturn and the drop in production efficiency, the decline in carbon dioxide equivalent slowed down. The carbon dioxide equivalent emission data disclosed this time has changed due to revision on the calculation method of emissions since 2017.



In recent years, due to the adjustments in products and production lines, the carbon emission density increased in 2017 and 2018. In 2019, resulting from the economic downturn, lack of part of the production capacity led to an increase in carbon emission density.



At present, the Company's existing business does not directly emit greenhouse gases (i.e, it does not directly generate "Scope 1: GHG emissions directly generated by the business that the Company should have or control"; for a description of the scope of greenhouse gases, see "Appendix II: Reporting Guidelines for Environmental Key Performance Indicators" ¹, the same below).

The greenhouse gases mentioned in the report belong to "Scope 2: including 'indirect energy' greenhouse gas emissions from internal consumption (purchased or acquired) of electricity, heat, refrigeration and steam."

¹How to prepare ESG Report

https://www.hkex.com.hk/Listing/Rules-and-Guidance/Other-Resources/Listed-Issuers/Environmental-Social-and-Governance/How-to-Prepare-an-ESG-Report?sc_lang=zh-HK

In recent years, the energy used by the Company involving greenhouse gas emissions includes:

Energy	Unit	2016	2017	2018	2019
Electricity	10,000 KWH	1,748.48	1,475.25	1,326.75	1,363.53
Petrol	KG	33,452.30	27,946.69	20,151.59	1,950.00
Gas	Cubic meter	97,200.00	38,700.00	11,321.00	17,129.00

The calculation formula of the carbon dioxide equivalent of an energy is: carbon dioxide equivalent emissions = energy use × carbon emission coefficient;

The carbon dioxide equivalent of the Company in 2019 equals to the sum of the carbon dioxide equivalents of the energy sources mentioned above for the year.

Among them, the carbon emission factor comes from the Guidelines for Provincial Greenhouse Gas Inventory Compilation (Trial) (issued by the China Development and Reform Commission, Gaiban Qihou No. [2011] 1041):

Energy	Carbon emission coefficient	Unit
Electricity	0.6101	kg-co ₂ /kwh
Petrol	2.9251	kg-co ₂ /kg
Gas	2.1622	kg-co ₂ /m ³

Safety of Work Place

At the beginning of every year, the work safety committee of the Company formulates and releases General Objective, Indicators, Management Measures for Safe Production Management, which will be implemented by the holding companies and functional departments, and park leasing enterprises.

In 2019, with an aim to achieve safe production, the Company has formulated 19 sub-goals, 51 indicators, and 57 implementation measures. At the same time, the original 92 safety management systems were sorted out and classified, with the same and similar systems combined to be 9 systems at company level. The original 92 classification systems were invalidated, and the revised 9 safety management systems were reviewed, approved and issued for implementation by the safety production committee in November 2019.

During the reporting period, the Company recorded no safety accidents.

Emergency Management

According to the Administrative Measures on Emergency Response Plans for Production Safety Accidents (Order No. 88 of the State Administration of Work Safety), the Company formulated 4 emergency response drill plans in 2019, namely: electric shock accidents, radiological incidents, emergency evacuation, and operating in limited space. A total of 5 emergency plan drills were carried out in April, August, September and November with 1 emergency evacuation drill added after the execution of the drill plan.



Emergency evacuation drill



Details make a difference -- Safety production rectification

In the fourth quarter of 2019, taking the opportunity of the three-level compliance assessment of work safety standardization, SEI made corrections to the potential "safe production peril" raised by the review team.

Potential perils in relation to production site management, safety labeling and explosion-proof safety facilities for hazardous chemicals, such as non-compliant storage of some raw materials at the production site, incomplete control labels for some switches, incomplete explosion-proof measures for hazardous chemical storage warehouses, and incorrect installation positions of alarm detection devices for hydrogen stations, etc.

In response to the above potential perils, SEI clarified the rectification tasks and responsibilities to individuals and completed the rectification in a timely manner, which was confirmed by the Safety Production Committee of Chengdu High-tech Zone. In the end, SEI successfully passed the Chengdu Level III Compliance Evaluation for Safety Production Standardization and obtained the Safety Production Standardization Level III Enterprise Certificate.



Rectified hydrogen station safety signs



Safety Production Standardization Level III Enterprise Certificate

In addition, led by the production and operation department, together with the heads of other intelligent departments and production workshop employees, an inspection team will conduct environmental safety behavior inspections every month throughout SEI. The inspection results will be verified and improved immediately and then compiled into the Records of Environmental Safety Behavior Inspection and Improvement. According to the records, "broom near a fire hydrant", "fire extinguisher blocked", "loose lock button in the elevator" and other safety perils are rectified.



Occupational Health and Safety

In respect of ensuring the occupational health and safety of its employees, the Company's occupational health and safety management system has passed the on-site audit by the audit team of China Quality Certification Center on January 29, 2019, maintaining the OHSAS 18001:2007 GB/T 28001-2011 certification.

In 2019, the Company and its holding subsidiaries (Zhongling, SEI and New Materials) were awarded the Safety Production Standardization Level III Enterprise Certificate with a validity period of three years until 2022, which was supervised by the Ministry of Emergency Management and issued by the Emergency Management Bureau of Chengdu City, Sichuan Province.

During the reporting period, the Company did not have any accident caused by work injuries or occupational disease.

The Company provides its employees with all the necessary and rigid safety knowledge training and fire drills every year in strict compliance with the relevant requirements of various regulations such as the Measures for the Supervision and Administration of Employers' Occupational Health Surveillance, the Provisions on the Supervision and Administration of Occupational Health at Workplaces and the Provisions on the Supervision and Administration of Labor Protective Articles. When it comes to professional operation, the production unit has drawn up a detailed training plan for professional operation skills. Only after passing the examination can the workers take up their posts.

In 2019, the Company took the following measures to ensure the safety and health of employees:

- Mainly inspected by the Safety Management Department of the Industrial Park Development Center, together with daily inspections and unannounced inspections before holidays, it was found that 32 hidden dangers belong to the Company's headquarters and holding company, and 13 Safety Hazard Correction Notices were issued. And in respect of 27 hidden dangers belonged to shareholding enterprises and enterprises that have settled in the parks, 21 Safety Hazards Notice were issued. All of above have been urged to complete the rectification on schedule and form closed-loop management;
- Physical examination for 28 employees in special jobs and all of 158 employees was completed, and personal records were established;
- The Company has organized 15 training sessions for the safety management personnel of the invested enterprises and the enterprises settled in the park, and all of the safety management personnel and special work employees obtained relevant certificates. The management personnel shall retrain the team members of each unit.

First workplace radiation environmental monitoring

On October 14, 2019, the Company entrusted Sichuan Yongkun Environmental Testing Co., Ltd. to monitor the distribution of X-γ radiation dose around the electron accelerator room of the production unit, and issued the Monitoring Report on October 21.

During this monitoring, the radiation dose equivalent rate meter certified by the China Institute of Test Technology was used to measure the radiation in the computer room. According to the Monitoring Report, the maximum annual effective dose around the electron accelerator room of the Company's production unit is lower than the radiation dose of the professional personnel and the public as stipulated in the Basic Standards for Ionizing Radiation Protection and Radiation Source Safety, which meets the requirements of management constraints for professional personnel and the public. The Company's production environment is safe.

Identify sources of hazard and ensure safety of employees

In January 2019, the Company conducted identification on major hazard sources in office premises and production areas, formulated a list of major hazard sources, clarified the hazard source generation department/process, and determined the hazard source control measures.

According to the identification, the main hazards arose from 9 risk factors such as air compressors, high-voltage distribution systems, and production noise, generating from industrial development centers and production units. The control measures adopted mainly included:





Sharing and Cooperation

Responsibility to the Employees

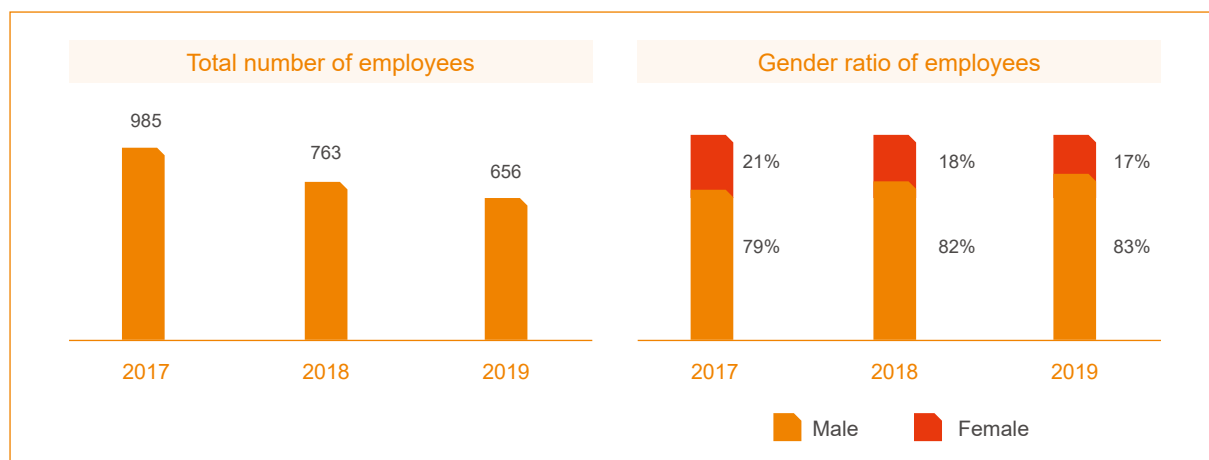
Talent is the most important resource of Chengdu PUTIAN. The Company respects and protects the legitimate rights and interests of employees, not only provides employees with a fair, just and safe working environment, but also supports them to grow together with the Company, creating personal value while contributing to the Company and society.

The Company lawfully enters into labor relations with employees to strictly perform the duties of employers in accordance with the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China as well as relevant laws and regulations of the provinces and cities where it has presence.

During the recruitment and employment process, the Company shall never discriminate in employment on the basis of gender, nationality, religion, age, family status or other factors, nor has it formulated any employment discrimination policy. The contract signed between the Company and the employee clearly stipulates the working hours, rest and vacation, labor protection and working conditions, thus effectively protecting the legitimate rights and interests of the employee.

Chengdu PUTIAN and any of its subsidiaries, production units and holding companies are prohibited from employing child laborer and forced laborer. Once found, they will be reported to the law enforcement authority and subject to internal punishment of the Company. During the reporting period, there was no child laborer or forced laborer in any subsidiary, department or holding company of the Company.

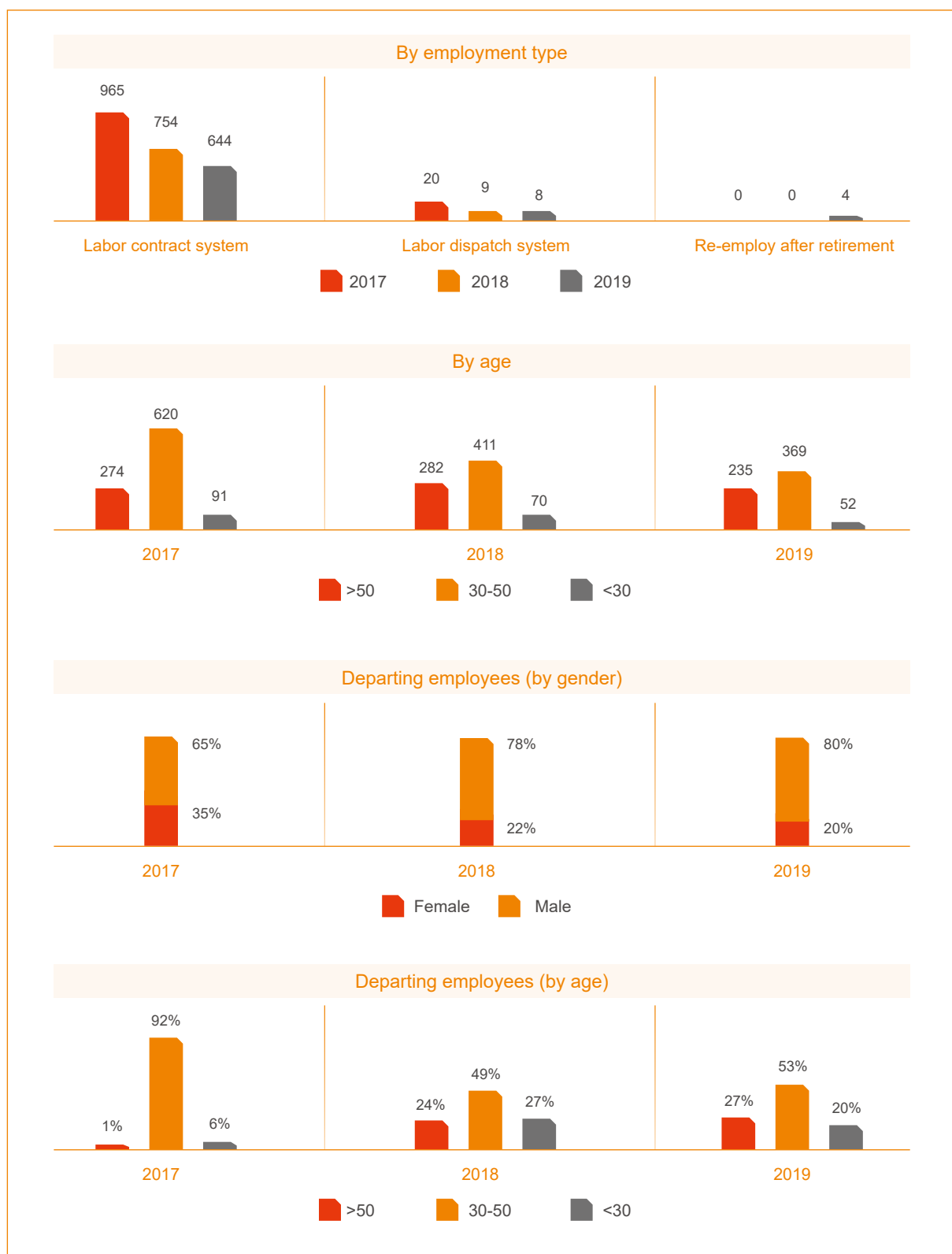
Employees Profile



In recent years, the number of employees has been streamlined year by year. In 2019, 656 employees in Chengdu PUTIAN were all full-time and from mainland China, and the contract signing rate and social insurance payment rate were both 100%. There was no labor dispute in the process of labor relation management. The harmonious labor relation provided guarantee for the normal production and operation activities of the Company.

Among them, the Company's male and female employees accounted for 83% and 17% respectively. 4 retired employees were re-employed in 2019, which occurred for the first time in the past three years. In the last three years, employees aged 30 to 50 accounted for more than half, and slightly increased from 54% in the previous year to 56% in 2019.





In the statistics of departing employees, the gender ratio of male and female in 2018-2019 is close to 8:2, which is similar to the proportion of employees. Among the age groups of departing employees, employees aged 30 to 50 account for the most for the last three years.

People-oriented, establishing a harmonious labor relationship

Chengdu PUTIAN has established a trade union according to the Trade Union Law of the People's Republic of China. It has formulated the staff representative meeting system and convened the meeting regularly.

On June 26, 2019, the Company's Trade Union convened the 14th Staff Representative Meeting of Chengdu PUTIAN. A total of 53 staff representatives, 10 attending representatives and 6 specially invited representatives heard and discussed the administrative work report. This meeting reviewed and approved the trade union work report, financial work report of the previous meeting, and trade union fund review committee work report, and elected a new trade union committee and fund review committee.

The meeting also discussed the implementation of the Collective Contract (signed in January 2017 and expired in December 2019). The contract regards wage distribution, labor standards, labor relations, labor conditions, rest and vacations as vital interests of the employees, and specifically indicates the special rights and interests of female employees. Judging from the implementation, the Collective Contract has been well executed, and it continued to play an important role in regulating the behavior of the Company and employees, safeguarding the legal rights of both parties, and building a harmonious labor relationship.

Based on the Employees Support System of Chengdu PUTIAN Trade Union, the Union has gradually formed an employee care and support system of "cooler in summer, scholarships in autumn and warmth in winter". In 2019, the Company invested RMB213,000 for employee benefits, including birthday benefits, and the "Chengdu Comprehensive Mutual Assistance Plan of In-hospital Medical Care for In-service Employees" (which was initiated by the Chengdu Federation of Trade Unions, with an aim to relieve employees' family financial difficulties caused by hospitalization and major illnesses, and employees who meet the conditions can be reimbursed for part of the medical expenses or receive partial subsidies), reimbursement of mutual assistance insurance for in-service employees, condolences to hospitalized employees, condolences to female employees on the Women's Day, offering of cooler to in-service employees in summer, etc. In addition, the Company also invested RMB18,300 in 2019 to distribute scholarships and condolences on Children's Day to the children of employees.

Employees Development

Talent Reserve and Training

In 2019, in order to maintain continuous human resource, Chengdu PUTIAN revised the Administrative Measures for the Middle-level Cadres of the Company, and then formulated and released the Interim Administrative Measures for the Reserve Cadres of the Company and Interim Administrative Measures for the Resignation of Middle-level Management of the Company, focusing on the cultivation of reserve cadres and middle-level management personnel, so as to establish and improve the management mechanism of cadres.

According to the system above, each unit (department) recommended 13 staffs, covering management, technology, sales and other positions. The Company discussed and decided that 7 staffs will be included in the reserve talent pool for investigation and training. In addition, in the current year, two in-service middle-level management personnel resigned from existing positions after assessment.

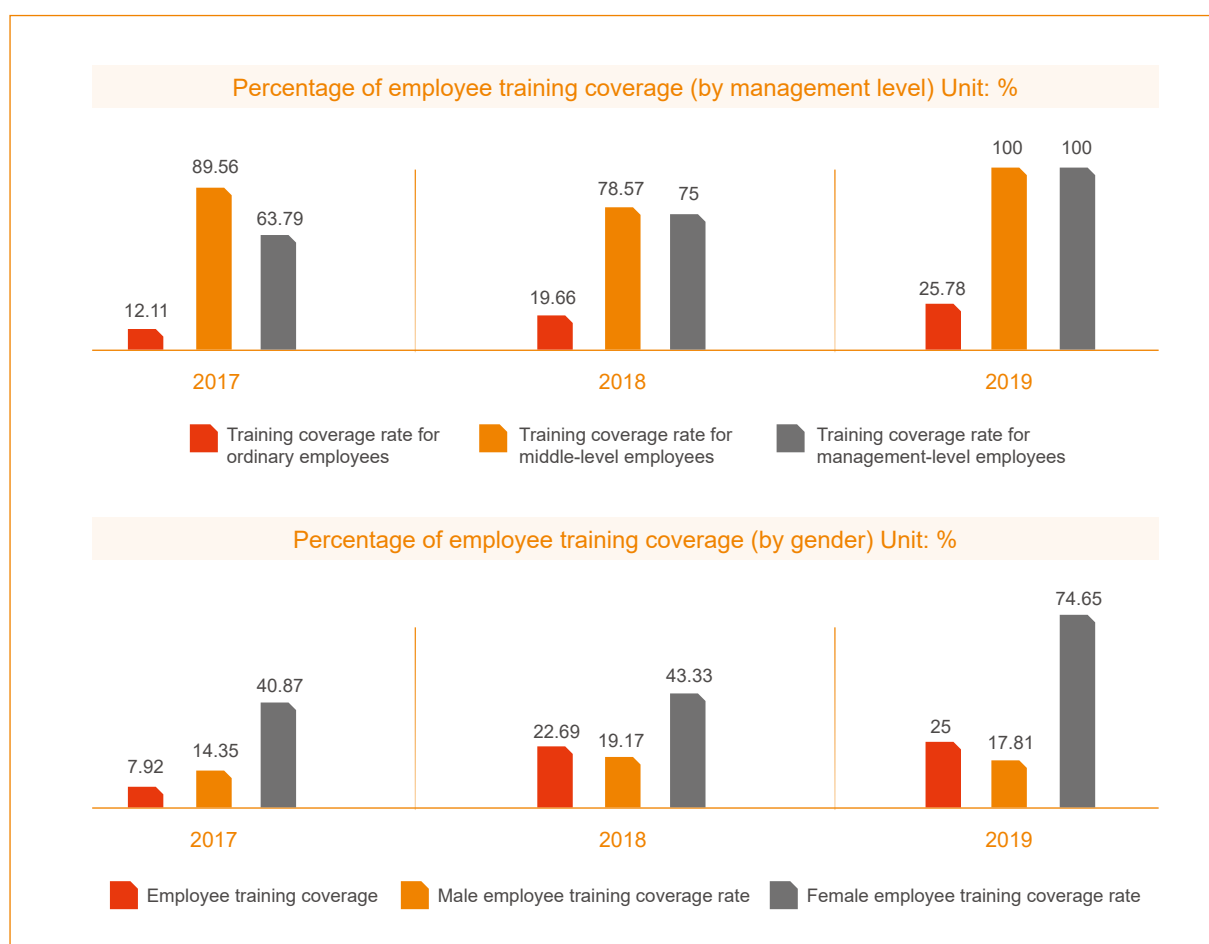


Professional Title Evaluation

In October 2019, the Company formulated and released the Administrative Measures for Qualification Evaluation of Professional and Technical Positions, which regulated the work related to the evaluation of professional titles. the Company also readjusted the composition of the Intermediate Title Evaluation Committee, and established the engineering evaluation committee, which consisted of 20 judges and was responsible for the preliminary and intermediate title evaluation and senior title recommendation. The Intermediate Title Evaluation Committee comprised engineering technical experts, personnel with senior professional titles, deputy general managers of production units, etc. Liu Wenzao, deputy general manager of the Company, served as director of the committee.

After the measures were formulated and released, the Company organized all the judges to study the Administrative Measures for Qualification Evaluation of Professional and Technical Positions to lay a solid foundation for the future title evaluation. The declaration and evaluation of the engineering titles was launched in November 2019. Through this evaluation, a total of 7 staffs were qualified for intermediate titles and 10 for primary titles. In the future, the evaluation will be held once a year, and employees who meet the requirements may recommend themselves or by the department.

Employee Training



During the reporting period, in terms of employee training coverage, 25% of the employees received training, of which female employees received more training; in terms of management level, middle-level and management-level employees have all received training, and 25.78% of ordinary employees received training in 2019.



The average training hours of all employees in 2019 is 0.79 hours, with female employees receiving more training than male employees. The training hours of management and middle level employees both increased compared with the previous year.

In 2019, the Company organized 440 hours of first-class training (rather than internal training), with a total of 139 participants. The training mainly involved production safety and the Administrative Measures for Qualification Evaluation of Professional and Technical Positions, etc.

In August, in order to further strengthen the education and training of cadres, improve their qualities and abilities, and enhance the market concept and service awareness of cadres and employees to meet the new market requirements, the Company cooperated with Shanghai Times Bright CreSuccess Co., Ltd. to establish the Chengdu PUTIAN Online Academy platform and put into trial operation. The first trial involved the managers (department managers) of level III or above and reserve cadres.

Keep improving with Master-Craft Spirit

In accordance with the Opinions of the Office of the Chengdu Municipal Committee of the Communist Party of China on the Implementation of the Five-year Plan for the Cultivation of Chengdu Craft-masters (Chengweiban no. 32 [2018]), 504 individuals were selected and named as Chengdu Craft-masters by Chengdu Municipal Party Committee and government in 2019.

In April 2019, Wang Zeyao and Li Bao'an, the optical fiber tester and production process optimizer of the Company, were among 500 and above Chengdu Craft-masters published by the Chengdu Federation of Trade Unions.

Wang Zeyao is an employee of SEI. She has been in the fiber optic cable inspection industry since 2000. With her many years of practical experience in the field of fiber optic cable testing, she made a number of reasonable suggestions to the Company to increase the test efficiency by 70%. In November 2016, on behalf of Chengdu PUTIAN, she participated in the Chengdu Worker Skills Competition jointly organized by the Chengdu Federation of Trade Unions and the Chengdu Municipal Human Resources and Social Security Bureau, and ranked the first among the optical fiber and cable inspection workers. In December, she obtained the title of "Chengdu Technical Expert" awarded by Chengdu Federation of Trade Unions and Chengdu Human Resources and Social Security Bureau.

Since 1996, Li Bao'an has designed multiple products for the Company, and has independently or presided over the development of a number of products/projects, increasing the product variety for the Company. As the main author, he participated in the preparation of the industry standards for mobile communication and feeder communication. He personally won the third prize of Nine Communication Industry Standards. He declared and completed several new patents and invention patents, having made important contributions to the development of the communication industry and the Company.

The ninth badminton tournament and the fourth table tennis tournament held by the Company

The Ninth Staff Badminton Tournament of Chengdu PUTIAN was held on the afternoon of September 27, which was a team competition, using a round-robin system. The opponents were determined based on the draw of each participating team, and the ranking of the champion and runner-up was subject to the scores of each team. In the end, SEI, headquarter of the Company, and Yuexin United of Zhongling ranked the first, the second and third, respectively.

The Fourth Staff Table Tennis Tournament of Chengdu PUTIAN was held on November 1. The match adopted single cycle and best of three sets system. Each team competed against each other according to No. 1, No. 2 of men singles and No. 1 of women singles. In each round of match, the winning team won 2 points, while the losing team got no score, and the final ranking was subject to the total scores of each team. In the end, SEI, team 1 and team 2 of headquarter of the Company ranked the first, the second and third, respectively.

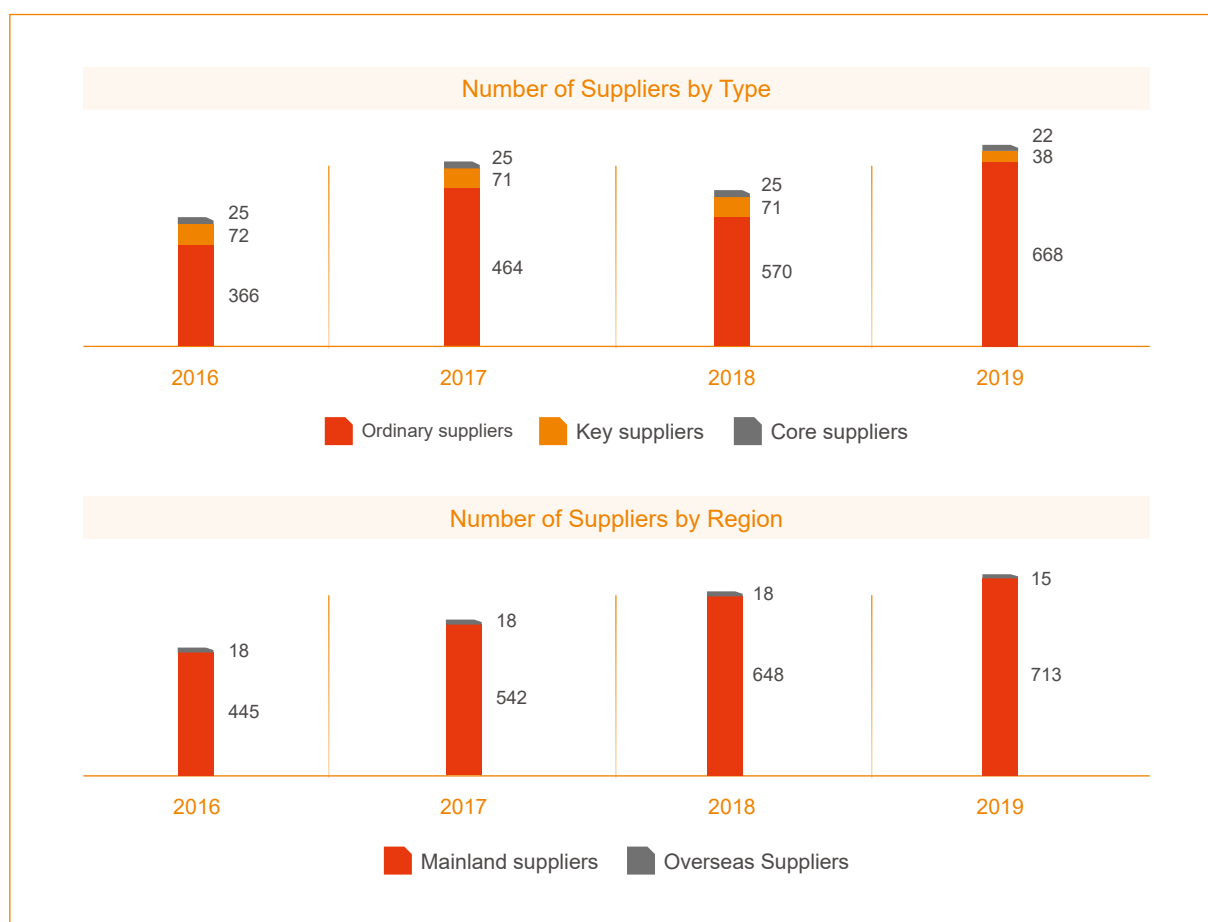


Supply Chain Responsibility

Subject to the Procurement Practices of State-owned Enterprises and the Interpretation on Procurement Practices of State-owned Enterprises, the Company has established a procurement center to manage the centralized procurement system according to the Administrative Measures for Centralized Procurement, the Customer/Supplier Information Management Measures, Bidding Management Measures and other procurement regulations. The centralized procurement system is responsible for the bidding and procurement of office supplies, low-value consumables and other items, as well as production materials that can be centrally purchased in large quantities. Other production materials are purchased by the holding subsidiaries themselves and the contract shall be filed in the procurement center.

In 2019, the Procurement Center organized 12 procurement comparisons and selections and 8 bids, including instrument verification and calibration agencies, cooling tower safety rectification projects, and financial printing services for shareholders' meetings.

According to the Customer/Supplier Information Management Measures, the supplier code shall be subject to the supplier code approval process and can only be issued after verifying the various information of the supplier. About 200 supplier codes were reviewed and issued throughout the year.



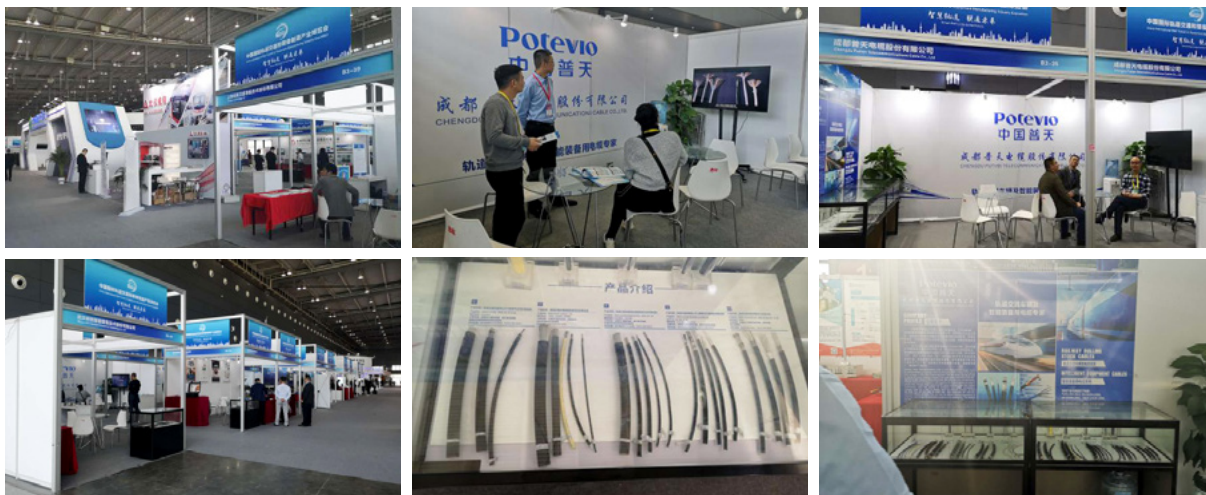
In recent years, while the number of core suppliers has remained at 22-25, the Company's suppliers have grown steadily with an increase of about 100 per year. The number of key suppliers has decreased due to the strategic shift of some projects, such as the retreat of the feeder project of Zhongling.

Responsibility to the Industry

On September 2, 2019, the Company participated in the 2019 China Wire and Cable Industry Conference held in Shanghai, which was jointly organized by the Electric Wire and Cable Branch of China Electrical Appliance Industry Association and Shanghai Cable Research Institute Co., Ltd. With the theme of "Embracing Changes and Planning for the Future", the participants discussed the ways to achieve high-quality development of the industry in a new development cycle under new opportunities and challenges by improving quality, technological innovation, and operational efficiency. The List of Top 100 in China Cable Industry 2019 was released at the meeting, and Chengdu PUTIAN ranked among them.



The Global Optical Fiber and Cable Conference 2019 was held in Shanghai in November, Which was co-sponsored by the Asian-Pacific Optical Fiber & Cable Industry Association (APC) and Hengtong Group. Nearly 300 scientific research institutes, industry organizations and leading companies, as well as representatives from the Ministry of Industry of more than ten countries participated in the conference. With the theme of "5G Optical Fiber Links Intelligent Future", the conference built a harmonious, healthy and joint innovation development platform for global optical communication enterprises. Topics such as the changes in the global market demand for fiber optic communications and 5G-based technology innovations were discussed at the conference, with an aim to facilitate the construction of smart cities, digital countries and intelligent societies by promoting the deep integration of global optical communication technology and industries to boost the development of big data, cloud computing and the Internet of Things.



2019 China International Rail Transit and Equipment Manufacturing Industry Exhibition was successfully held in Changsha International Convention and Exhibition Center during 18 and 20 October. With the theme of "Intelligent Rails Connect the Future", all supporting industries related to the upstream and downstream of the rail transportation industry were presented at the exhibition, including technology and equipment for the entire industrial chain of rail transportation vehicles and related equipment and facilities for the comprehensive transportation hub management. The exhibition was the largest international industry event for rail transportation equipment manufacturing, with the participation of nearly 400 well-known enterprises and upstream and downstream supporting enterprises in the rail transportation industry, including CRRC, CRSC, Huawei Technologies, CRCC, Sany Group, and Zoomlion. As one of the supporting enterprises for rail transit industry, our Company communicated with customers and studied and inspected the development of the industry through this exhibition.

Responsibility to the Community

Poverty Alleviation and Co-construction

In 2019, the Company participated in the poverty alleviation and co-construction work in Dari County, Guoluo, Qinghai Province. Instead of direct donation, the Company invested RMB 80,000 to purchase locally produced agricultural and sideline products as holiday benefits for the employees, which not only increased the income of local farmers, but also benefited the employees.

In October, the Company and the other three units of the Group signed a poverty alleviation agreement with Dari County to invest RMB100,000 for short-term skills training of local impoverished residents. 300 residents from De'ang, Jimai, Jianshe, and Tehetu of Dari County received skills training, and 47 of them have successfully been employed. The residents will be assisted to get rid of poverty and be employed in the future through this training.

The Company will reward and assist the families of the current employees whose children are studying in public high schools, junior colleges and secondary schools, or employees with difficult family life, or employees whose family member obtain admission notices from colleges and universities in the same year according to the rules of "golden autumn student aid" and "golden autumn scholarship" under Chengdu PUTIAN Trade Union Staff Assistance System. During the reporting period, the trade union provided a total of RMB15,400 for 10 members for "Golden Autumn Scholarship", and condolences worthy of RMB2,900 to children of needy workers under the age of 14.

In terms of social charitable donations, SEI continued to donate RMB30,000 to the Charity Association of Chengdu High-tech Industrial Development Zone. The funds were targeted at the aid of schools in poor areas and the purchase of teaching equipment.



Textile bag



Agricultural and sideline products

Party Building

2019 is the year to fully implement the spirit of the 19th CPC National Congress and thoroughly study and implement Xi Jinping's socialist ideology with Chinese characteristics in the new era. Over the past year, party committee of the Company has closely focused on the general requirements for party construction and the work deployment of party committee of the Putian Group. It has always adhered to the principle of political construction and focused on the construction of the organizational system, and also regarded the activity of "Grassroots Party Building Promotion Year of China PUTIAN" as a carrier to comprehensively strengthen the leadership and the construction of the party.

During this year, the Company has carried out a series of party building work:

Conducting theme education of "Remain True to Our Original Aspiration and Keep Our Mission Firmly in Mind" –

Party committee of the Company has carried out a continuous educational of "Remain True to Our Original Aspiration and Keep Our Mission Firmly in Mind" starting from June, focusing on the four aspects of learning and education, investigation and research, reviewing problems, and rectification and implementation. Through thematic education, Chengdu PUTIAN has summarized 15 major issues in respect of the work style of cadres, human resource management, business management and industrial development, and formulated 33 specific rectification measures accordingly. By the end of the year, the rectification plan had been implemented one by one, with 24 initially completed and 9 under continuous improvement.

Branch secretary training

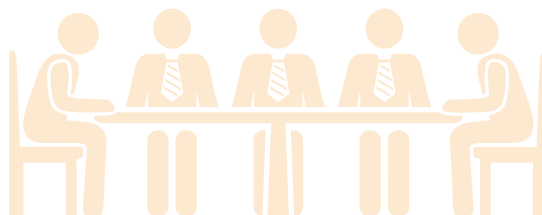
10 branch secretaries of the Company participated in the theme education of "Remain True to Our Original Aspiration and Keep Our Mission Firmly in Mind" and the theme activities carried out by the organization department of the Chengdu Municipal Committee during June and August, October and December, respectively. They also completed the whole year study hours on the learning platforms such as "Xuexi.cn" and "Rong Cheng pioneer & Party member e home".

A series of activities to celebrate the 70th anniversary of the founding of New China

The Company's party committee combined the celebration of the 70th anniversary of the founding of New China with the ongoing theme education of "Remain True to Our Original Aspiration and Keep Our Mission Firmly in Mind". It organized the theme education of "Remain True to Our Original Aspiration and Keep Our Mission Firmly in Mind", party lectures delivered by members of party committee and team at the branch contact point, visit to the model aged members of the party, and visit to the "Major Achievement Celebration of the 70th Anniversary of the Founding of New China" and other various activities.

Responsibility Fulfillment and Foundation Consolidation

According to the Rules of Procedure for Party Committee Meetings, the Company's party committee conducted research and discussion and pre-deliberation on the recommendation, selection and employment of 8 cadres, thus fulfilling the principles of "Governing cadres by the Party" and the main responsibilities of the party committee to a certain extent. In terms of the management of party members, according to the requirements of the party committee of Chengdu branch of SASAC and the early-year party member development plan, we had one new party member and one party member who had passed the probation.





Theme education of "Remain True to Our Original Aspiration and Keep Our Mission Firmly in Mind" organized by the Party Committee of Chengdu PUTIAN at Ludingqiao on July 19 and 20

Join together to improve the level of grassroots party building

In order to thoroughly implement Xi Jinping's socialist ideology with Chinese characteristics in new era and the spirit of the 19th CPC National Congress, and earnestly implement the general requirements for party building in the new era and the organizational policy, so as to continuously enhance the power, cohesion and appeal of grassroots party organizations in pastoral areas, and improve the level of grassroots party building work, the party committee of the Company, together with the party committee of Wuhan Putian, signed a three-year Party Construction and Co-construction Agreement with Wosai Town, Dari County, Qinghai Province in October 2019. The Agreement was designed to "solve the practical problems of grassroots party building in pastoral areas for the joint construction of party and enterprises."

In the next three years, Chengdu PUTIAN will work with Wuhan Putian to assist the grassroots (village level) party organizations at Wosai Town in Dari County with infrastructure, team building and poverty alleviation.

Appendix I: ESG reporting Guide Index

Indicator		Brief	In this report
A. Environmental			
Aspect A1: Emission			
General Disclosures			Environment and Safety
KPIs	A1.1	The types of emissions and respective emissions data	Lawful Emission
	A1.2	Greenhouse gas emissions in total and intensity	Carbon Emission
	A1.3	Total hazardous waste produced and intensity	Hazardous Waste Treatment
	A1.4	Total non-hazardous waste produced and intensity	
	A1.5	Description of measures to mitigate emissions and results achieved	
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	
Aspect A2: Use of Resources			
General Disclosures			Environment and Safety
KPIs	A2.1	Direct and/or indirect energy consumption by type and intensity	Use of Resource
	A2.2	Water consumption in total and intensity	
	A2.3	Description of energy use efficiency initiatives and results achieved	
	A2.4	Water efficiency initiatives and results achieved	
	A2.5	Total packaging material used and per unit produced	
Aspect A3: The Environment and Natural Resources			
General Disclosures			Use of Resource
KPI	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	
B. Society			
Aspect B1: Employment			
General Disclosures			Employees Profile
KPIs	B1.1	Total workforce by gender, employment type, age group and geographical region	
	B1.2	Employee turnover rate by gender, age group and geographical	
Aspect B2: Health and Safety			
General Disclosures			Occupational Health and Safety
KPIs	B2.1	Number and rate of work-related fatalities	
	B2.2	Lost days due to work injury	
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	
Aspect B3: Development and Training			
General Disclosures			Employees Development
KPIs	B3.1	The percentage of employees trained by gender and employee category	
	B3.2	The average training hours completed per employee by gender and employee category	



Indicator		Brief	In this report
Aspect B4: Labour Standards			
General Disclosures			Responsibility to the Employees
KPIs	B4.1	Description of measures to review employment practices to avoid child and forced labor	
	B4.2	Description of steps taken to eliminate such practices when discovered	
Aspect B5: Supply Chain Management			
General Disclosures			Supply Chain Responsibility
KPIs	B5.1	Number of suppliers by geographical region	
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	
Aspect B6: Product Responsibility			
General Disclosures			Product and Service
KPIs	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not Applicable for our products
	B6.2	Number of products and service related complaints received and how they are dealt with	Improve Customer Service
	B6.3	Description of practices relating to observing and protecting intellectual property rights	Focusing on Product Development
	B6.4	Description of quality assurance process and recall procedures	Quality Inspection
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Not Applicable for our products
Aspect B7: Anti-corruption			
General Disclosures			Anti-Corruption and Anti-Fraud
KPIs	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	
Aspect B8: Community Investment			
General Disclosures			Poverty Alleviation and Co-construction
KPIs	B8.1	Focus areas of contribution	
	B8.2	Resources contributed to the focus area	

Appendix II:Reader Feedback Form

Dear Sir/Madam,

Thank you very much for reading the 2019 ESG Report of Chengdu PUTIAN. In order to give full play to the communication function of the Report, and effectively improve the level of environmental, social and governance of Chengdu PUTIAN, we sincerely look forward to your comments and suggestions.

1.What's your role against Chengdu PUTIAN?

☐ Government ☐ Employee ☐ Partner ☐ Environmental Organization ☐ Media ☐ Community/Public ☐ EOthers (please indicate)

2.What's your general comment on this Report?

☐ Excellent ☐ Good ☐ Common ☐ Poor ☐ Bad

3.What do you think about Chengdu PUTIAN in terms of stakeholder communication?

☐ Excellent ☐ Good ☐ Common ☐ Poor ☐ Bad

4.What do you think about Chengdu PUTIAN in terms of product responsibilities?

☐ Excellent ☐ Good ☐ Common ☐ Poor ☐ Bad

5.What do you think about Chengdu PUTIAN in terms of environment, safety and occupational health?

☐ Excellent ☐ Good ☐ Common ☐ Poor ☐ Bad

6.What do you think about Chengdu PUTIAN in terms of responsibilities to employees?

☐ Excellent ☐ Good ☐ Common ☐ Poor ☐ Bad

7.What do you think about Chengdu PUTIAN in terms of responsibilities to society?

☐ Excellent ☐ Good ☐ Common ☐ Poor ☐ Bad

8.Do you think the content arrangement and layout design of this Report is easy to read?

☐ Yes ☐ No

9.What are your comments and suggestions on ESG of Chengdu PUTIAN and this report?



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