中国普天

成都普天電纜股份有限公司

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED*

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

(Stock Code: 1202)

2008 ANNUAL RESULTS ANNOUNCEMENT

RESULTS

The board of directors (the "Board") of Chengdu PUTIAN Telecommunications Cable Company Limited (the "Company") hereby announces the audited consolidated financial information of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008 (the "Year") together with comparable figures for the corresponding period of 2007 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	2008	2007
	RMB'000	*RMB'000*
Turnover	**649,162**	627,936
Cost of sales	**(589,611)**	(555,468)
Gross profit	**59,551**	72,468
Other income	**81,910**	9,449
Distribution costs	**(47,468)**	(42,747)
Administrative expenses	**(67,750)**	(86,037)
Write-down of inventories	**—**	(1,837)
Operating profit/(loss)	**26,243**	(48,704)
Finance costs	**(1,856)**	(3,872)
Gain on disposal of land use rights	**88,521**	243,757
Share of results of associates	**2,586**	3,411
Profit before income tax	**115,494**	194,592
Income tax credit/(expense)	**12,367**	(5,532)
Profit for the year	**127,861**	189,060
Attributable to:		
Equity holders of the Company	**117,496**	187,942
Minority interests	**10,365**	1,118
	127,861	189,060
	RMB Cents	*RMB Cents*
Basic earnings per share for profit attributable to the equity holders of the Company	**29**	47

CONSOLIDATED BALANCE SHEET

At 31 December 2008

	2008	(Restated) 2007
	RMB'000	*RMB'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**275,483**	268,335
Land use rights	**41,892**	44,055
Construction-in-progress	**27,260**	32,460
Interests in associates	**196,203**	196,247
Available-for-sale investments	**6,925**	2,728
Technical know-how	**982**	—
Deferred tax assets	**21,354**	—
	570,099	543,825
CURRENT ASSETS		
Inventories	**200,880**	171,078
Trade and bills receivables	**205,192**	162,251
Financial assets at fair value through profit or loss	**100,000**	—
Prepayments, deposits and other receivables	**75,816**	28,082
Available-for-sale investments	**—**	201,400
Long-term prepayments - current portion	**—**	5,760
Amounts due from associates	**1,664**	12,187
Amounts due from related companies	**3,633**	2,258
Tax recoverable	**—**	1,413
Deposits with incumbrance	**8,708**	99,990
Bank balances and cash	**266,278**	96,844
	862,171	781,263
Assets classified as held-for-sale	**16,071**	5,951
	878,242	787,214

CURRENT LIABILITIES		
Trade and bills payables	**64,305**	77,400
Other payables and accrued charges	**115,312**	126,043
Deposits for staff quarters	**23,492**	23,565
Amounts due to associates	**13,572**	16,321
Amounts due to related companies	**9,590**	—
Current income tax payable	**9,086**	—
Bank and other borrowings - amount due within one year	**19,200**	20,395
	254,557	263,724
NET CURRENT ASSETS	**623,685**	523,490
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,193,784**	1,067,315
NON-CURRENT LIABILITY		
Bank and other borrowings - amount due after one year	**10,429**	15,018
NET ASSETS	**1,183,355**	1,052,297
CAPITAL AND RESERVES		
Share capital	**400,000**	400,000
Reserves	**680,526**	558,833
Equity attributable to equity holders of the Company	**1,080,526**	958,833
Minority interests	**102,829**	93,464
TOTAL EQUITY	**1,183,355**	1,052,297

Notes:

1. GENERAL

The Company is a sino-foreign joint stock limited company established in the People's Republic of China ("PRC"). Its ultimate holding company is China PUTIAN Corporation ("China PUTIAN"), a state-owned enterprise established in the PRC. China PUTIAN Company Limited ("CPCL"), another joint stock limited company established in the PRC with limited liability, is the immediate holding company of the Company.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Company and its subsidiaries (collectively the "Group").

The address of the registered office and principal place of business of the Company is No. 18, Xinhang Road, the West Park of Hi-tech Development Zone, Chengdu, Sichuan Province, the PRC.

The Group is principally engaged in the manufacture and sale of various types of telecommunication cables, optical fibers and cable joining sleeves.

2. BASIS OF PREPARATION

(a) Compliance with Hong Kong Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations (hereinafter collectively referred to as "Hong Kong Financial Reporting Standards") issued by the Hong Kong Institute of Certified Public Accountants.

(b) Initial application of new and revised Hong Kong Financial Reporting Standards

In the current year, the Group initially applied the following new and revised Hong Kong Financial Reporting Standards:

Amendments to HKAS 39 and HKFRS 7	Reclassification of Financial Assets
Amendments to HKAS 39 and HKFRS 7	Reclassification of Financial Assets - Effective Date and Transition
HK(IFRIC)-Int 11	HKFRS 2 - Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The initial application of these new and revised Hong Kong Financial Reporting Standards does not necessitate material changes in the Group's accounting policies or retrospective adjustments of the comparatives presented, except that reclassification of certain held-for-trading financial assets is now permitted by Amendments to HKAS 39 and HKFRS 7.

(c) Hong Kong Financial Reporting Standards in issue but not yet effective

The following Hong Kong Financial Reporting Standards in issue as at 31 December 2008 have not been applied in the preparation of these consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 January 2008:-

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 3 (Revised)	Business Combinations
HKFRS 8	Operating Segments
Amendments to HKAS 32 and HKAS 1	Puttable Financial Instruments and Obligations Arising on Liquidation
Amendments to HKFRS 2	Share-based Payment - Vesting Conditions and Cancellations
Amendments to HKFRS 1 and HKAS 27	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to HKAS 39	Eligible Hedged Items
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
Improvements to HKFRSs	

The Group is required to initially apply HKAS 1 (Revised), HKAS 23 (Revised), HKFRS 8, amendments to HKAS 32 and HKAS 1, amendments to HKFRS 2, amendments to HKFRS 1 and HKAS 27, HK(IFRIC)-Int 13, HK(IFRIC)-Int 15, HK(IFRIC)-Int 16 and Improvements to HKFRSs (except for the amendments to paragraphs 8A, 36A and 44C of HKFRS 5 and paragraphs 34C and 47L of HKFRS 1) in its annual financial statements beginning on 1 January 2009, and to initially apply HKAS 27 (Revised), HKFRS 1 (Revised), HKFRS 3 (Revised), HK(IFRIC)-Int 17, amendments to HKAS 39 and Improvements to HKFRSs regarding the amendments to paragraphs 8A, 36A and 44C of HKFRS 5 and paragraphs 34C and 47L of HKFRS 1 in its annual financial statements beginning on 1 January 2010.

HKAS 23 (Revised) requires the Group to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sales) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply HKAS 23 (Revised) prospectively from 1 January 2009.

HKAS 27 (Revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. The Group will apply HKAS 27 (Revised) prospectively to transactions with non-controlling interests from 1 January 2010.

Other than HKAS 23 (Revised) and HKAS 27 (Revised), the directors anticipate that the application of the above Hong Kong Financial Reporting Standards will have no material impact on the results and the financial position of the Group.

3. SEGMENTAL INFORMATION

Segment information is presented by way of two segment formats: (a) on a primary segment reporting basis, by business segments; and (b) on a secondary segment reporting basis, by geographical segments.

(a) Business segments

The Group is currently organised into three main operating segments, manufacture and sale of copper cable and related products, optical fibres and related products and cable joining sleeves and related products.

Segment information about these businesses for the two years ended 31 December 2008 and 2007 is presented below:

	For the year ended 31 December 2008				
	Manufacture and sale of copper cable and related products	**Manufacture and sale of optical fibers and related products**	**Manufacture and sale of cable joining sleeves and related products**	**Elimination**	**Consolidated**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
SEGMENT TURNOVER					
External turnover	474,293	90,218	84,651	—	649,162
Inter-segment turnover	5,039	—	—	(5,039)	—
Total turnover	479,332	90,218	84,651	(5,039)	649,162
SEGMENT RESULTS	(16,098)	12,146	20,052	—	16,100
Unallocated other operating income					10,143
Finance costs					(1,856)
Gain on disposal of land use rights					88,521
Share of results of associates					2,586
Profit before income tax					115,494
Income tax credit					12,367
Profit for the year					127,861

	At 31 December 2008			
	Manufacture and sale of copper cable and related products	**Manufacture and sale of optical fibers and related products**	**Manufacture and sale of cable joining sleeves and related products**	**Consolidated**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS				
Segment assets	888,072	80,819	130,189	1,099,080
Interests in associates				196,203
Other unallocated corporate assets				153,058
Consolidated total assets				1,448,341
LIABILITIES				
Segment liabilities	188,657	16,917	20,697	226,271
Unallocated corporate liabilities				38,715
Consolidated total liabilities				264,986

	For the year ended 31 December 2008			
	Manufacture and sale of copper cable and related products	**Manufacture and sale of optical fibers and related products**	**Manufacture and sale of cable joining sleeves and related products**	**Consolidated**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Capital expenditure	66,499	193	1,254	67,946
Depreciation and amortisation	19,547	4,623	1,095	25,265
Gain on disposal of property plant and equipment	(72)	(162)	(2)	(236)
Reversal of impairment loss on trade receivables	(33,468)	(2,869)	(8,528)	(44,865)
Reversal of impairment loss on other receivables	(857)	—	—	(857)
Reversal of provision for impairment on inventories	(13,925)	—	(4,987)	(18,912)

	For the year ended 31 December 2007				
	Manufacture and sale of copper cable and related products	**Manufacture and sale of optical fibers and related products**	**Manufacture and sale of cable joining sleeves and related products**	**Elimination**	(Restated) **Consolidated**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
SEGMENT TURNOVER					
External turnover	469,147	97,853	60,936	—	627,936
Inter-segment turnover	2,806	—	83	(2,889)	—
Total turnover	471,953	97,853	61,019	(2,889)	627,936
SEGMENT RESULTS	(60,864)	11,771	(5,547)	—	(54,640)
Unallocated other operating income					5,936
Finance costs					(3,872)
Gain on disposal of land use rights					243,757
Share of results of associates					3,411
Profit before tax					194,592
Income tax expense					(5,532)
Profit for the year					189,060

	At 31 December 2007			
	Manufacture and sale of copper cable and related products	**Manufacture and sale of optical fibers and related products**	**Manufacture and sale of cable joining sleeves and related products**	(Restated) **Consolidated**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS				
Segment assets	610,891	106,483	107,349	824,723
Interest in associates				196,247
Other unallocated corporate assets				310,069
Consolidated total assets				1,331,039
LIABILITIES				
Segment liabilities	196,645	30,314	16,370	243,329
Unallocated corporate liabilities				35,413
Consolidated total liabilities				278,742

	For the year ended 31 December 2007			
	Manufacture and sale of copper cable and related products	**Manufacture and sale of optical fibers and related products**	**Manufacture and sale of cable joining sleeves and related products**	(Restated) **Consolidated**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Capital expenditure	131,056	11,854	940	143,850
Depreciation and amortisation	17,918	3,601	1,930	23,449
Loss on disposals of property plant and equipment	3,304	—	—	3,304
Impairment loss on trade receivables	—	289	6,481	6,770
(Reversal of)/provision for impairment on inventories	(681)	—	2,518	1,837

(b) Geographical segments by the locations of assets

No separate disclosure of the Group's geographical segments according to the locations of assets has been made as the locations of customers and locations of assets of the Group are all in the PRC.

4. OTHER INCOME

	2008	2007
	RMB'000	*RMB'000*
Bank interest income	**2,937**	1,766
Exchange gain	**1,157**	—
Gain on disposals of available-for-sale investments	**8,944**	—
Technology transfer fee	**—**	895
Rental income	**738**	1,979
Gain on disposal of property, plant and equipment	**236**	—
Reversal of impairment loss on trade receivables	**44,865**	—
Reversal of impairment loss on inventory	**18,912**	—
Reversal of impairment loss on other receivables	**857**	—
Gain on disposal of interest in an associate	**1,197**	—
Sales of scrap materials	**250**	2,594
Others	**1,817**	2,215
	81,910	9,449

5. FINANCE COSTS

	2008	2007
	RMB'000	*RMB'000*
Interest on bank and other borrowings wholly repayable within five years	**1,551**	3,461
Interest on bank borrowings not wholly repayable within five years	**38**	38
Other bank charges	**267**	373
	1,856	3,872

6. GAIN ON DISPOSAL OF LAND USE RIGHTS

Pursuant to the land transfer agreement, the supplemental agreement and the second supplemental agreement entered into between the Group and an independent third party, the Group has agreed to sell, and the independent third party, had successfully bid in 2005, a piece of land (the "Land") (approximately 244.77 mu) on which the headquarters of the Group was situated in Chengdu, the PRC for a consideration of approximately RMB793,060,000.

In accordance with the second supplemental agreement, the consideration shall be settled and the Land shall be delivered by three stages and the transaction should be completed in year ended 31 December 2008. During the year ended 31 December 2008, the Group has delivered the last portion of the Land of approximately 32.31 mu (2007: 95.70 mu) and recognised approximately RMB88,521,000 (2007: RMB243,757,000) as gain on disposal of land use rights accordingly. Details of this transaction had been set out in the Company's circulars dated 23 December 2005.

Pursuant to Section (II) in Clause 8 of the Provisional Regulations of the PRC in Land Value Added Tax (State Council Decree No. 138) dated 13 December 1993 and Section 11 of Implementation Details of the Provisional Regulations of the PRC on Land Value Added Tax promulgated by Ministry of Finance on 27 January 1995 describing Section (II) in Clause 8 of No. 138, the directors are of the view that the disposal of the Land by the Group is not subject to Land Value Added Tax according to the requirements of Section (II) in Clause 8. Accordingly, no provision was made for Land Value Added Tax in the calculation of the gain on disposal of land use rights and the Land Value Added Tax is waiting for the clearance from the local tax authority upon the completion. If the application for exemption not succeeded, as estimated by an independent lawyer, the Group would be subjected to approximately RMB313,157,000 Land Value Added Tax as a whole and the gain on disposal of land use rights for the year ended 31 December 2008 will be decreased by approximately RMB41,531,000 (2007: approximately RMB123,037,000).

7. OPERATING PROFIT/(LOSS)

	2008	2007
	RMB'000	*RMB'000*
Operating (profit)/loss has been arrived at after charging/(crediting):		
Auditor's remuneration	**1,050**	1,050
Amortisation of technical know-how	**88**	—
Amortisation of land use rights	**1,101**	1,192
(Gain)/loss on disposals of property, plant and equipment	**(236)**	3,304
Gain on disposal of interest in an associate	**(1,197)**	—
Depreciation on property, plant and equipment	**24,076**	22,257
(Reversal of)/impairment loss on trade receivables	**(44,865)**	6,770
Reversal of impairment loss on other receivables	**(857)**	—
(Reversal of)/impairment loss on inventory	**(18,912)**	1,837
Net exchange (gain)/loss	**(1,157)**	1,614
Staff costs		
— Salaries and allowances	**35,762**	31,285
— Defined contribution scheme contributions	**9,428**	8,307

8. INCOME TAX (CREDIT)/EXPENSE

	2008	2007
	RMB'000	*RMB'000*
The tax charge comprises:-		
PRC enterprise income tax		
— current	**7,363**	7,431
— deferred tax	**(21,354)**	—
— under/(over)-provision in prior years	**1,624**	(1,899)
	(12,367)	5,532

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group's income neither arises in, nor is derived from, Hong Kong for the two years ended 31 December 2008.

On 6 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("New Tax Law") which has become effective on 1 January 2008. As a result of the New Tax Law, the statutory Enterprise Income Tax ("EIT") rate adopted by the Group was changed from 33% to 25% with effect from 1 January 2008.

Excepted for Chengdu Gaoxin Cable Company Limited, ("Gaoxin"), all the group companies have been recognised as technologically advanced enterprises, thus enjoying preferential tax reduction from 33% to 15% up to year ended 31 December 2007. Pursuant to the notices issued by the related authority this year, the Group, excepted for Gaoxin, continues to enjoy the preferential tax rate of 15% for the three years ending 31 December 2010.

Gaoxin did not have any assessable profit subject to EIT during this year and did not enjoy preferential policy in the form of reduced tax rate.

The tax (credit)/charge for the year can be reconciled to the profit before tax per consolidated income statement:

	2008	2007
	RMB'000	*RMB'000*
Profit before tax	**115,494**	194,592
Tax at applicable tax rate of 25% (2007: 33%)	**28,874**	64,215
Tax effect of share of results of associates	**(647)**	(1,126)
Tax effect of income not subject to tax	**(5,326)**	(80,822)
Tax effect of expenses not deductible for tax purpose	**3,065**	32,903
Utilisation of tax losses previously not recognised	**(12,161)**	(2,686)
Utilisation of other temporary difference previously not recognised	**(23,550)**	—
Tax effect of tax losses not recognised	**—**	964
Under/(over)-provision in prior years	**1,624**	(1,899)
Effect of preferential tax rate	**(4,246)**	(6,017)
Tax (credit)/charge for the year	**(12,367)**	5,532

9. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the Company of approximately RMB117,496,000 (2007: approximately RMB187,942,000) and based on 400,000,000 shares (2007: 400,000,000 shares) in issue during the year.

There was no dilution effect on the basic earnings per share for the two years ended 31 December 2008 as there were no dilutive shares outstanding during the two years ended 31 December 2008.

10. TRADE AND BILLS RECEIVABLES

	2008	2007
	RMB'000	*RMB'000*
Trade and bills receivables	**262,431**	264,355
Less: Allowance for bad and doubtful debts	**(57,239)**	(102,104)
	205,192	162,251

There were no specific credit terms granted to the Group's customers. The following is an ageing analysis of trade and bills receivables net of allowances at the balance sheet date:

	2008	2007
	RMB'000	*RMB'000*
Within 90 days	**111,823**	142,519
91 - 180 days	**69,742**	12,417
181 - 365 days	**12,363**	7,315
Over 365 days	**11,264**	—
	205,192	162,251

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and bills receivables directly. The movement in the allowance for bad and doubtful debts is as follows:

	2008	2007
	RMB'000	*RMB'000*
Balance at beginning of the year	**102,104**	95,334
(Reversal of)/impairment loss recognised in income statement	**(44,865)**	6,770
Balance at end of the year	**57,239**	102,104

11. TRADE AND BILLS PAYABLES

An ageing analysis of trade and bills payables is as follows:

	2008	2007
	RMB'000	*RMB'000*
Within 90 days	**39,109**	61,228
91 - 180 days	**9,278**	9,119
181 - 365 days	**8,761**	3,680
Over 365 days	**7,157**	3,373
	64,305	77,400

12. PRIOR YEAR ADJUSTMENT

During the year ended 31 December 2006, an associate's debts amounted to RMB107,437,000 were waived by its creditors. However, the Group's share of gain from such debt waiver amounted to RMB50,590,000 was not recorded in the Group's consolidated income statement for the year ended 31 December 2006. The comparative figures of these financial statements have been restated to correct this error. The effect of the restatement on these comparative figures is summarised below:

	Effect in 2007 *RMB'000*
Turnover	—
Operating loss	—
Profit for the year	—
Change in results for the year	—
Increase in interests in associates	50,590
Increase in equity	50,590

MANAGEMENT DISCUSSION AND ANALYSIS

Results Overview

During the Year, the main products of the Group are plastic urban telephone cables, program-controlled cables, cable-joining sleeves, optical fibres and mobile telecommunications cables.

During the Year, the Company received approximately RMB104,661,000 for the last stage of land payment from the disposal of the Land (third stage land payment received: RMB310,060,000). The profit after deducting the related cost was approximately RMB88,521,000 (2007: RMB243,757,000).

During the Year, in order to echo with the actual dynamics at home, the Company cleared up all receivables and inventories in a comprehensive manner, reversal of impairment allowance for the Year totaled RMB64,634,000 which was included in other revenue of the Company.

If the effects of the above two factors are charged, a loss would be recorded in the Company's principal business for the Year.

MAIN REASONS FOR THE LOSS IN THE PRINCIPAL BUSINESS

1. The replacement of copper cable by optical fibre by major telecommunication operators led to a further decrease in earnings of plastic urban telephone cables, the Company's main product, resulting in an adverse impact on the operating profits of copper cables;

2. In the second half of the year when the international financial crisis struck, the plunge of copper price had hammered the market price of copper cable products. As the existing inventories in relation to copper cables incur higher cost of inventories, a rather significant decrease in gross profit was recorded which in turn brought rather significant adverse effects on the Group's production, operation and profit as a whole; and

3. The earthquake in Wenchuan Sichuan Province has affected the Company's production and operation to a certain extent.

REVIEW OF PRINCIPAL BUSINSESS

1. Confronted market challenges, deployed industry structure

Communication copper cable industry faced tremendous challenges during the Year, as major telecommunication operators stepped up the replacement of copper cable by optical fibre, and significantly cut down purchase of urban telephone cables. To tackle these challenges, the Company has established a dedicated marketing department for coordination and development of cable reinstallation, to stabilize our market share through cable reinstallation agreements with the Company's traditional core customers in Sichuan, Chongqing, Hunan and Xinjiang. The Company undertook 50% reinstallation of Sichuan Telecom and all of Tibet Telecom for the Year. The Company set up a complex factory, specializing in disposal of replaced old cables which started decomposition and disposal of replaced old cables in September 2008.

2. Committed to technological innovation and new product development

The Company enhanced research and development to develop new products during the Year. Firstly, locomotive cable was put into production. In July 2008, locomotive cable equipment completed tests and produced 3 types of products on a trial basis. In August 2008, sample was tested by Shanghai Cable Research Institute and passed the inspection. In September 2008, market exploration commenced. As locomotive cable is a whole new sector with higher entry threshold, our marketing had not received remarkable gain till December 2008. Secondly, the extremely fine coaxial cable and components project entered into implementation phase, with a project leadership team and a construction team in place.

3. Continued production shrewdly to support disaster relief

In May 2008, an earthquake wreaked havoc in Sichuan Province and damaged certain buildings and equipment of the Company, fortunately no casualty has caused. After the disaster, the management of the Company swung into action to inspect the damages of housings and facilities. Having ensured that the buildings were safe without inherent danger, the management strived to stabilize employee's sentiment to restore production and contacted local operators to supply emergency cables. With the Company's orderly response, normal operation was commenced on the third day after the earthquake.

4. Improved corporate management and implement measures

Financial Management The Company perfected its central financial management system, and centralized capital management, commission of finance and capital accounts of subsidiaries. Idle bank accounts were cleared up gradually. Implementation of all-rounded budget management was continued to ensure that the budget targets and KPI (Key Performance Indicators) are achievable.

Human Resources Management Organisational and manager reforms were carried out, and a reasonable performance assessment system was established to initiate human cost control.

Investment Management The Company applied KPI (Key Performance Indicators) test on major joint ventures and associated companies, guided the equity transfer of Dongguan CDC Cable Factory, completed liquidation of coiling reel plant and proceeded with the liquidation of Sichuan Provincial Telecommunications Cable Plant Company Limited.

Fundamental Management The Company provided quality, environment and professional health safety management system training course for internal inspectors; enhanced employee safety training, emergency planning and rehearsal; promoted energy saving and emission reduction; started informatization with an established internet management team and plan for OA (Office Automation) system.

FINANCIAL ANALYSIS

Turnover

For the Year, the turnover of the Group amounted to approximately RMB649,162,000, an increase of 3.38% as compared to approximately RMB627,936,000 for the year ended 31 December 2007 (the "Previous Year").

During the Year, the turnover of copper cables was approximately RMB479,332,000, an increase of 1.56% as compared with the Previous Year, of which plastic urban telephone cables accounted for RMB117,953,000, an increase of 6.26% as compared with the Previous Year; program-controlled cables amounted to RMB46,375,000, an increase of 37.98% as compared with the Previous Year.

Chengdu SEI Optical Fibre Co., Ltd ("CDSEI"), a company in which the Company owns a 60% equity interest, recorded a turnover of approximately RMB90,218,000; and Chengdu Cable Plant of the Ministry of Posts and Telecommunications Shuangliu Heat Shrinkable Products Sub-Plant ("Shuangliu Heat Shrinkable"), a company in which the Company owns a 66.7% equity interest, recorded a turnover of approximately RMB84,651,000.

Profits attributable to equity holders of the Company

The net profit attributable to equity holders of the Company for the Year amounted to approximately RMB117,496,000, representing a decrease of 37.48% as compared with approximately RMB187,942,000 for the year ended 31 December 2007.

Results Analysis

As at 31 December 2008, the Group's total assets were approximately RMB1,448,341,000, representing an increase of 8.81% over the end of Previous Year's approximately RMB1,331,039,000. Current assets amounted to approximately RMB878,242,000, accounting for 60.64% of the total assets and representing an increase of 11.56% over the end of Previous Year, approximately RMB787,214,000 which was mainly attributable to the addition of financial assets at fair value through profit or loss of RMB100,000,000 in 2008. Property, plant and equipment amounted to approximately RMB275,483,000, accounting for 19.02% of the total assets and representing an increase of 2.66% over the end of Previous Year's approximately RMB268,335,000, mainly attributable to the construction of additional fixed assets including properties and equipments at the new site.

As at 31 December 2008, the Group's liabilities totaled approximately RMB264,986,000; the liability-to-asset ratio was 18.30%; short-term bank and other loans were approximately RMB19,200,000, representing a decrease of 5.86% over the end of Previous Year's approximately RMB20,395,000. During the Year, the Group did not arrange for other capital raising activities.

As at 31 December 2008, the Group's bank deposits and cash totaled approximately RMB274,986,000, representing an increase of 39.70% over the end of Previous Year's approximately RMB196,834,000.

During the Year, the Group's distribution costs, administrative and other operating expenses, and finance costs amounted to approximately RMB47,468,000, RMB67,750,000 and RMB1,856,000 respectively, representing an increase of 11.04%, a decrease of 21.25% as well as a decrease of 52.07% respectively, over the Previous Year's figures of approximately RMB42,747,000, RMB86,037,000 and RMB3,872,000 respectively. The increase in distribution costs over the Previous Year was mainly attributable to the additional distribution costs of new products. Administrative and other operating expenses decreased because the Company strengthened the control of expenditure. Finance costs decreased as the amounts of loans decreased.

As at 31 December 2008, the Group's trade and bills receivables and inventories amounted to approximately RMB205,192,000 and RMB200,880,000 respectively, representing an increase of 26.47% and 17.42% respectively, over the end of Previous Year's figures of approximately RMB162,251,000 and RMB171,078,000 respectively.

Analysis of Capital Liquidity

As at 31 December 2008, the Group's current assets amounted to approximately RMB878,242,000 (2007: RMB787,214,000), current liabilities were approximately RMB254,557,000 (2007:RMB263,724,000), the annual receivables turnover period was 109 days and the annual inventory turnover period was 115 days. The above data indicates that the Group's capital flow was reasonable but there is still room for improvement. Liquidity and repayment ability was satisfactory. (Note: Deposits and trade and bills receivables are expressed in net value)

Analysis of Financial Resources

As at 31 December 2008, the Group's bank and other short-term loans were approximately RMB19,200,000. As the Group's bank deposits and cash were comparatively sufficient with a total amount of approximately RMB274,986,000, therefore, the Group does not have short-term repayment risk.

Non-current Liabilities or Loan

As at 31 December 2008, the outstanding amount of the Group's long-term loan incurred as a result of the purchase of a French accelerator was approximately RMB10,429,000 (equivalent to approximately EUR1,078,000), a loan from French government guaranteed bank loan at an interest rate of 0.5% per annum. The said loans in Euros terms are subject to exchange rate risks resulting from fluctuations of the exchange rate in the international foreign exchange market. These two long-term loans are installment loans in respect of which the maximum repayment period is thirty six years. As the outstanding amount of the long-term loan is not substantial, there is no material impact on the operations of the Group.

Capital Structure of the Group

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

Cash and Source of Funds

The Group's net cash outflow from operating activities amounted to approximately RMB86,525,000 during the Year (2007: net cash outflow of approximately RMB83,574,000).

During the Year, the Group spent approximately RMB7,583,000 (2007:RMB5,565,000) and approximately RMB59,293,000 (2007: RMB88,412,000) respectively on purchases of property, plant and equipment and on construction-in-progress.

As at 31 December 2008, the Group's liabilities and minority interests amounted to approximately RMB367,815,000 (2007: RMB372,206,000). The Group's interest expenses were approximately RMB1,589,000 (2007: RMB3,499,000) for the Year.

Contingent Liabilities

As at 31 December 2008, the Group did not have any contingent liabilities (2007: Nil).

BUSINESS OUTLOOK

1. **Enhance internal control to improve inherent strength and overcome operating difficulty.**

    Promote all-round risk management

    The Company is to improve internal control, regulate contract management and investment management, and strengthen risk supervision and risk responsibility awareness.

    Expand overall gross profit margin of existing products

    Aspiring for "gains in revenue" and "finance savings" to enhance competitiveness of the Company: Efforts are to be made in developing products with wider margins, such as locomotive cable, while putting data cables and program-controlled cables into scale production.

    On "finance savings": First, cost management and control over all employees and the entire production process are to be applied. Cost indicators will be dissembled to every department and every step of production. Second, cost evaluation and cost veto are to be strictly implemented to establish the authority of cost. Third, we are to reform production technique and operation protocol to improve output and productivity. Fourth, material ration will be applied to save consumption. Finally, we are to uplift one-off pass rate, control production loss and ignite initiatives of our employees.

    Tighten budget control

    The Company is to further tighten budget control, apply effective supervision and management over the entire process. We are to continue centralized capital management, strengthen control on major financial evens and risks, and prudently arrange capital collection and expenditure. Financial supervision and financial manager commission system of subsidiaries are to be strengthened. With financial management as the core function, centralized management is to discover, avoid and resolve problems in production and operation.

Promote marketing

We are to consolidate existing sales network, and increase investment in market development of program-controlled cable and data cable. We will assist market survey and development of locomotive cable and extremely fine coaxial cable. New marketing personnel evaluation mode will be established. The performance-linked assessment on sales and receivables collection of marketing personnel is to be promoted.

Enhance investment management

We are to enhance trimming and consolidation of investments. From industry development point of view, ownership transfer of Dongguan Factory, liquidation of Wenjiang Factory, receivables collection, integration of Peak, transfer and reorganisation of New Dragon Network and expansion of MCIL are to be completed. The Company is to upgrade guiding capacity and standard for joint ventures and associated companies, enhance control on their material matters, follow up analysis of their operations and provide timely guidance, apply all-round KPI assessment on their business, facilitate communication between the Company and its subsidiaries through an efficient communication platform, and get through the report, review and approval procedures for projects of investment, modification and integration in time.

Accelerate informatization construction

The Company is to step up informatization construction and application, formulate informatization construction planning, and take operation upgrading and management innovation as the base and essence of informatization work. We are to upgrade information system safety, initialise information management system, and maintain an efficient information system to increase operation management efficiency.

Polish procurement management

The Company is to explore centralized procurement system to enhance synergy. We are to promote centralized bulk procurement between the headquarters and joint ventures or associated companies for resources such as raw materials of cables. Moreover, we are to keep close watch on raw material market price. With accurate judgement based on information collection and analysis, we will redirect procurement policy to avoid risk.

Consolidate the quality, environmental and job safety management

During production and provision of services, we have complied with relevant laws and regulations to ensure product quality, effectively control significant environmental factors and major risk sources. We will discharge according to requirement, tighten solid waste processing, save resources and energy and avoid occupational disease. Meanwhile, the Company will step up 3C certification for electrical equipment cable products. The Company is committed to improving management quality with an aim at outstanding performance.

Deepen human resources management

The human resources management system of the Company will be consummated. We will enhance reservation of technical worker and other talents. Professional expert teams for technology development, production management, marketing and other functions will be consolidated, as well as enhancing professional level and skills of employees. A dynamic assessment system will be applied with definite rewards and punishments.

2. Adjust corporate development strategy to realize profit of new products.

On traditional markets of telecommunication and pipes for oil and gas, for optical fibre and optical cable, we will strengthen control and consolidation to expand scale and profitability. For traditional copper cable, we will increase market investment and development for program-controlled cable and data cable. For ancillary products, we will consolidate mature products and explore new markets.

On power transmission market, we will strive to enlist high-end electrical equipment cable to the purchases of our major customers as a new growth point to expand our sales market.

On electronic application market, we will initiate the extremely fine coaxial cable and component project. With project leadership team and construction team in place, we will draft the national standard and industrial standard for two major product categories. We strive to complete the production line in 2009 and commence pilot production thereafter.

Overdue Time Deposits

As at 31 December 2008, the Group does not have any deposit or trust deposit with non-bank financial institutions nor time deposits that cannot be recovered on maturity.

The Company decided at the 2000 annual general meeting to write off the principal of the deposit of RMB30,000,000 in China Leasing Company Limited ("China Leasing") as bad debt.

During the Year, the Company continued to claim repayment against China Leasing.

Sale of Staff Quarters

The Group approved a new program for raising funds from its employees to construct staff quarters during the year 2006. As at 31 December 2008, a total of prepaid deposits of approximately RMB23,492,000 was received from the employees. As the raising of funds is completed, the Group will sell all its property rights in the staff quarters to its staff.

Basic Medical Insurance Scheme for Employees

The Company has participated in the basic medical insurance scheme for employees in Chengdu since October 2002 and has made a total payment amounting to approximately RMB1,279,830.05 in the Year (2007: RMB1,311,000). Expenses for basic medical insurance for employees as compared with the Previous Year decreased because the number of employees reduced, thus resulting in a slight decrease in the payment for the basic medical insurance of employees over that of the Previous Year. The Board considered that the implementation of the basic medical insurance scheme for employees has no material impact on the financial status of the Company.

INCOME TAX

On 6 March 2007, the Fifth Plenary Session of the Tenth National People's Congress promulgated the Corporate Income Tax Law of the PRC (the "New Tax Law"), which became effective on 1 January 2008. With the passing of the New Tax Law, applicable statutory corporate income tax rate of the companies under the Group was amended from 33% to 25% commencing from 1 January 2008.

With the exception of Chengdu Gaoxin Cable Co., Ltd. ("Gaoxin Cable"), a non-wholly owned subsidiary, the Group has been recognised as a technologically advanced enterprise by relevant authorities. Pursuant to the Income Tax Laws concerning technologically advanced enterprise in Chengdu, the State Tax Authority in Chengdu has approved the Company to entitle the preferential tax rate of 15% until 2007. In 2008, the Group was again recognised as a technologically advanced enterprise and was entitled to the preferential tax rate for three years until 2010. The preferential tax rate is subject to re-approval after three years. If such approval cannot be obtained, the Group will be subject to a tax rate of 25% under the New Corporate Income Tax Law.

Gaoxin Cable had no assessable profit in the Year and was not entitled to the preferential tax rate.

CORPORATE SOCIAL RESPONSIBILITY

The Group together with its staff donated a total of RMB907,774, including RMB619,800 from the Group, RMB228,789 from the staff, and RMB26,705 from CPC members as special party fees, as a support to earthquake relief in hit areas during the earthquake in Wenchuan, Sichuan in May 2008, among which RMB32,480 was for the construction of Hope Schools.

PLEDGE OF ASSETS

In the Year, owing to sufficient capital of production operations, the Group did not secure any loan facility to banks (2007: the Group did not secure any loan facility to banks).

MARKET RISKS

The Group is exposed to various types of market risks, including fluctuation in copper prices and changes in interest rates, foreign exchange rates and inflation.

COPPER PRICES AND OTHER COMMODITIES PRICES RISK

The Group's revenue and profit are sensitive to fluctuations in copper prices and prices of other commodities. This is due to the fact that the Group generates all of its revenue and profit from the PRC. The Group does not enter into commodity derivative instruments or futures to hedge any potential price fluctuations of copper and other commodities or for trading purposes. Therefore, fluctuations in the prices of copper and other commodities may have a material effect on the Group's revenue and profit.

INTEREST RATE RISK

The Group's exposure to interest rate risk relates primarily to the Group's cash holdings and interest- bearing bank loans. The Group manages its interest rate exposure from certain cash holdings through placing them into a fixed rate time deposit and manages the exposure from all of its interest- bearing loans through the use of fixed rates.

FOREIGN EXCHANGE RISK

All of the Group's transactions are carried out in RMB. The fluctuation of the RMB/USD exchange rate may affect the international and local copper price, which may therefore affect the Group's operating results. In the past few years, the exchange rate of RMB was comparatively stable. RMB is not a freely convertible currency. On 21 July 2005, PBOC increased the exchange rate of RMB against U.S. dollar by 2.1%, and the exchange rate of RMB against a basket of currencies may fluctuate. In view of the above circumstances, the PRC government might take further actions and measures on the free trade of RMB. Therefore, fluctuations in exchange rates may have an adverse effect on our net assets, earnings and any dividend declared, which shall be converted or translated into Hong Kong dollars.

The Group has been monitoring the exchange rate between RMB and Hong Kong dollar closely as the proceeds raised by the Group from the initial public offering are denominated in Hong Kong dollars. Meanwhile, appropriate measures aiming at reducing the risk of fluctuation in exchange rates have been taken to minimize such risks.

SHAREHOLDING AND CHANGE IN SHARE CAPITAL STRUCTURE

1. Share capital structure

During the year ended 31 December 2008, the Company had not made any arrangements for bonus issue, share placing or issuance of new shares. There was no change in the Company's share capital structure. The total number of shares issued by the Company is 400,000,000 shares, of which China Potevio holds 240,000,000 issued state-owned legal person shares, representing 60% of the issued share capital of the Company and the overseas shareholders hold 160,000,000 H shares, representing 40% of the issued share capital of the Company.

2. Shareholdings of the directors and supervisors

As at 31 December 2008, none of the directors, supervisors and chief executives of the Company nor their associates had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities & Futures Ordinance ("SFO") (Chapter 571 of the Laws of Hong Kong)) as recorded in the register required to be kept by the Company under Section 352 of the SFO or which were otherwise required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

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

For the year ended 31 December 2008, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

4. Convertible securities, share options, warrants and similar instruments

During the year ended 31 December 2008, the Group did not issue any convertible securities, share options, warrants or similar instruments.

5. Sufficient public float

According to public information available to the Company and to the knowledge of each director, the Company confirmed that the public held sufficient shares during the year ended 31 December 2008 and as at the date of this announcement.

SIGNIFICANT EVENTS

1. Change of Auditors

On 20 August 2008, the shareholders of the Company approved:

(i) SHINEWING (HK) CPA Limited be removed as the international auditors of the Company and PKF Certified Public Accountants be appointed as the new international auditors of the Company, to hold offices until the conclusion of the forthcoming annual general meeting of the Company; and

(ii) ShineWing Certified Public Accountants be removed as the domestic auditors of the Company and Daxin Certified Public Accountants be appointed as the new domestic auditors of the Company, to hold offices until the conclusion of the forthcoming annual general meeting of the Company.

The Company will propose a resolution in relation to the re-appointments of PKF Certified Public Accountants and Daxin Certified Public Accountants as the international auditors and the domestic auditors of the Company respectively on the forthcoming annual general meeting.

2. Disposal of the land use rights of Shuangliu Heat Plant

On 12 March 2009, Ministry of Posts and Factory Telecommunications Cable Chengdu Shuangliu Shrinkable Products Factory (the "Shuangliu Heat Plant"), a non wholly-owned subsidiary of the Company, entered into the Land Use Rights Disposal Agreement with Shuangliu Land Reserve Centre pursuant to which Shuangliu Heat Plant agreed to sell, and Shuangliu Land Reserve Centre agreed to acquire the state-owned land use rights (which include a piece of land with an approximate area of 47,767.75 m^2 and several factory buildings and premises erected thereon). The consideration of this transaction is approximately RMB87,204,000.

As at 31 December 2008, the cost and net book value of the land use rights and several factory buildings and premises were RMB47,930,000 and RMB22,568,000 respectively.

FINAL DIVIDEND

The Board did not recommend the payment of any final dividend for the year ended 31 December 2008 (2007: Nil).

CODE ON CORPORATE GOVERNANCE PRACTICE

The Board considered that the Company had adopted and complied with the code provisions of the Code on Corporate Governance Practice set out in Appendix 14 of the Listing Rules during the Year. None of the directors is aware of any data that would reasonably indicate that the Company is not or was not for any time of the year in compliance with the code provisions of the Code on Corporate Governance Practice in Appendix 14 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors and supervisors of the Company.

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

AUDIT COMMITTEE OF THE BOARD ("AUDIT COMMITTEE")

The Audit Committee comprises Mr. Choy Sze Chung, Jojo (Chairman), Mr. Wu Zhengde and Mr. Li Yuanpeng, all being independent non-executive directors of the Company. Being responsible for conducting reviews of internal control and financial reports, the Audit Committee had reviewed the Company's audited financial statements for the Year.

The Audit Committee considered that the audited financial statements for the Year had complied with the requirements of applicable accounting standard and law and appropriate disclosure was made.

ANNUAL REPORT AND ANNUAL GENERAL MEETING

The annual general meeting ("AGM") for the Year will be held on Friday, 19 June 2009 at No. 18 Xinhang Road, the West Park of Hi-tech Development Zone, Chengdu Sichuan Province, the PRC. Notice of the AGM will be announced separately. The Company's annual report for the year ended 31 December 2008 and the notice of the AGM will be posted to its shareholders as soon as possible and will also be published on the Stock Exchange's website (http://www.hkexnews.hk) and the Company's website (http://putian.wsfg.hk).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 20 May 2009 to 19 June 2009 (both dates inclusive), during which period no transfer of shares will be registered.

In order to qualify for attending and voting at the 2008 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar, Hong Kong Registrars Limited at Rooms 1712-16, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for the holders of H shares; or the registered office of the Company at No. 18, Xinhang Road, the West Park of Hi-tech Development Zone, Chengdu, Sichuan Province, the PRC (postal code: 611731) for holders of domestic shares for registration by 4:30 p.m. on 19 May 2009.

Notes:

1. This results announcement is prepared in both Chinese and English. Should there be any discrepancies between the two versions, the Chinese version shall prevail.

2. This results announcement will be published on the Stock Exchange's website (http://www.hkexnews.hk) and the Company's website (http://putian.wsfg.hk).

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

Chengdu, the PRC, 17 April 2009

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

Executive Directors:	Mr. Zhang Xiaocheng *(Chairman)*, Mr. Guo Aiqing, Mr. Zheng Jianhua, Mr. Li Tong, Mr. Chen Ruowei and Mr. Xiong Siyun
Independent Non-executive Directors:	Mr. Choy Sze Chung, Jojo, Mr. Wu Zhengde and Mr. Li Yuanpeng

* *For identification purposes only*