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Potevio

中国普天

成都普天電纜股份有限公司

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED*

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

(Stock Code: 1202)

2009 INTERIM RESULTS ANNOUNCEMENT

SUMMARY

- The Group recorded a turnover of RMB270,419,000 for the six months ended 30 June 2009 (the "Period"), representing a decrease of approximately 9.06% as compared to the corresponding period last year.

- During the Period, sales of copper cables and related products amounted to RMB183,098,000, representing a decrease of 20.05% as compared to the corresponding period last year. Sales of optical fibres by Chengdu SEI Optical Fiber Co., Ltd., a principal subsidiary of the Company, amounted to RMB49,436,000, representing an increase of 19.58% as compared to the corresponding period last year. Sales of heat and shrinkable joining sleeves by Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant and other products amounted to RMB37,885,000, representing an increase of 40.32% as compared to the corresponding period last year.

- During the Period, loss attributable to the shareholders was RMB8,986,000, as compared to a loss of RMB17,936,000 recorded for the corresponding period last year. Profit attributable to minority shareholders was RMB5,153,000, as compared to RMB2,397,000 for the corresponding period last year.

- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2009.

The board of directors (the “Board”) of Chengdu PUTIAN Telecommunications Cable Company Limited (the “Company”) announced the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2009 (the “Period”) prepared in accordance with the applicable disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Accounting Standard (“HKAS”) No.34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) together with the comparative figures for the corresponding period in 2008 are set out as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

	Note	**2009** ***RMB'000*** **(Unaudited)**	2008 *RMB'000* (Unaudited)
Turnover	3	**270,419**	297,358
Cost of sales		**(252,315)**	(271,011)
Gross profit		**18,104**	26,347
Other income		**11,684**	7,949
Distribution costs		**(21,007)**	(19,983)
Administrative and other expenses		**(23,817)**	(26,090)
Loss from operations		**(15,036)**	(11,777)
Finance costs	4	**(632)**	(1,308)
Share of post tax profit/(loss) of associates, net		**12,720**	(770)
Loss before income tax	4	**(2,948)**	(13,855)
Income tax expense	5	**(885)**	(1,684)
Loss for the period		**(3,833)**	(15,539)

CONDENSED CONSOLIDATED INCOME STATEMENT (CONTINUED)

Attributable to:

Equity holders of the Company		**(8,986)**	(17,936)
Minority interests		**5,153**	2,397
Loss for the period		**(3,833)**	(15,539)
Interim dividend	6	**—**	—
		RMB Cents per share	RMB Cents per share
Basic loss per share for loss attributable to the equity holders of the Company	7	**(2.25)**	(4.48)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	2009	2008
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(3,833)**	(15,539)
Other after tax comprehensive income for the period		
Available-for-sales investments :		
net movement in fair value reserve	**8,163**	—
Total comprehensive income/(loss) for the period	**4,330**	(15,539)
Attributable to :		
Equity holders of the Company	**(823)**	(17,936)
Minority interests	**5,153**	2,397
Total comprehensive income/(loss) for the period	**4,330**	(15,539)

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**As at 30 June 2009** ***RMB'000*** **(Unaudited)**	As at 31 December 2008 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	**278,019**	275,483
Land use rights	8	**41,393**	41,892
Construction-in-progress		**34,171**	27,260
Interests in associates		**208,923**	196,203
Available-for-sale investments		**15,088**	6,925
Technical know-how		**928**	982
Deferred tax assets		**21,354**	21,354
		599,876	570,099

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

CURRENT ASSETS			
Inventories		**205,086**	200,880
Trade and bills receivables	9	**185,381**	205,192
Financial assets at fair value through profit or loss		**—**	100,000
Prepayments, deposits and other receivables		**136,420**	75,816
Amounts due from associates	16	**6,929**	1,664
Amounts due from related companies	16	**828**	3,633
Deposits with incumbrance	10	**9,814**	8,708
Bank balances and cash		**367,908**	266,278
		912,366	862,171
Assets classified as held-for-sale	11	**16,071**	16,071
		928,437	878,242
LESS:			
CURRENT LIABILITIES			
Trade and bills payables	12	**65,372**	64,305
Other payables and accrued charges		**190,280**	115,312
Deposits for staff quarters		**23,426**	23,492
Amounts due to associates	16	**16,282**	13,572
Amounts due to related companies	16	**13,032**	9,590
Current income tax payable		**7,957**	9,086
Bank and other borrowings - amount due within one year		**15,200**	19,200
		331,549	254,557

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

NET CURRENT ASSETS		**596,888**	623,685
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,196,764**	1,193,784
NON-CURRENT LIABILITY			
Bank and other borrowings - amount due after one year		**10,409**	10,429
NET ASSETS		**1,186,355**	1,183,355
CAPITAL AND RESERVES			
Share capital	13	**400,000**	400,000
Reserves		**679,703**	680,526
Equity attributable to equity holders of the Company		**1,079,703**	1,080,526
Minority interests		**106,652**	102,829
TOTAL EQUITY		**1,186,355**	1,183,355

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

(UNAUDITED)

	Attributable to equity holders of the Company									
	Share capital	**Share premium**	**Capital reserve**	**Other reserve**	**Statutory surplus reserve fund**	**Financial assets valuation reserve**	**(Accumulated losses)/ retained earnings**	**Sub-total**	**Minority interests**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2008	400,000	303,272	288,855	10,582	51,531	—	(145,997)	908,243	93,464	1,001,707
Total comprehensive (loss)/income for the period	—	—	—	—	—	—	(17,936)	(17,936)	2,397	(15,539)
At 30 June 2008	400,000	303,272	288,855	10,582	51,531	—	(163,933)	890,307	95,861	986,168
At 1 January 2009	400,000	303,272	288,855	—	53,403	4,197	30,799	1,080,526	102,829	1,183,355
Total comprehensive income/(loss) for the period	—	—	—	—	—	8,163	(8,986)	(823)	5,153	4,330
Dividend paid to minority shareholders	—	—	—	—	—	—	—	—	(1,330)	(1,330)
At 30 June 2009	400,000	303,272	288,855	—	53,403	12,360	21,813	1,079,703	106,652	1,186,355

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2009

	2009	2008
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**26,612**	10,908
NET CASH USED IN INVESTING ACTIVITIES	**(19,000)**	(9,444)
NET CASH USED IN FINANCING ACTIVITIES	**(5,982)**	(20,119)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**1,630**	(18,655)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**266,278**	96,844
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**267,908**	78,189

NOTES

1. GENERAL INFORMATION

The Company is a sino-foreign joint stock limited company established in The People's Republic of China (the "PRC"). Its ultimate holding company is China PUTIAN Corporation ("China PUTIAN"), a state-owned enterprise established in the PRC. China Potevio 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 unaudited condensed consolidated interim financial statements (the "interim 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 AND PRINCIPAL ACCOUNTING POLICIES

These interim financial statements have been prepared in accordance with the applicable disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Accounting Standard ("HKAS") No. 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

These interim financial statements contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2008 annual financial statements. These interim financial statements thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The preparation of interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

Except as described below, the accounting policies used in these interim financial statements are consistent with those of the Group's annual financial statements for the year ended 31 December 2008.

In the current period, the Group initially applied the following new and revised HKFRSs:

HKFRS 8	Operating Segments
HKAS 1 (revised 2007)	Presentation of Financial Statements
HKAS 23 (revised 2007)	Borrowing Costs
Amendments to HKAS 27	Consolidated and Separate Financial Statements — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to HKFRS 7	Financial Instruments: Disclosure — Improving Disclosures about Financial Instruments
Amendments to HKFRS 2	Share-based Payment — Vesting Conditions and Cancellations
HK(IFRIC) 15	Agreements for the Construction of Real Estate
HK(IFRIC) 16	Hedges of a Net Investments in a Foreign Operation
Improvements to HKFRSs (2008)	

The amendments to HKAS 23, HKAS 27, HKFRS 2, HKFRS 8, Interpretations HK(IFRIC) 15 and HK(IFRIC) 16 have had no material impact on the Group's financial statements as the amendments and interpretations were consistent with policies already adopted by the Group. In addition, the amendments to HKFRS 7 and Improvements to HKFRSs (2008) do not contain any additional disclosure requirements specifically applicable to these interim financial statements.

The impact of the remainder of these new and revised HKFRSs on the interim financial statements is as follows:-

As a result of the adoption of HKAS 1 (revised 2007), an additional condensed consolidated statement of comprehensive income has been presented in these interim financial statements. This new prime statement has no effect on reported profit or loss, total income and expenses or net assets for any period presented.

3. SEGMENT REPORTING

On first-time adoption of HKFRS 8 "Operating segments" and in a manner consistent with the way in which information is reported internally to the Group's senior executive management for the purpose of resource allocation and performance assessment, the Group has identified the three main reportable segments, being manufacture and sale of (i) copper cable and related products, (ii) optical fibers and related products and (iii) cable joining sleeves and related products. No operating segments have been aggregated to form the above reportable segments.

Segment information about these reportable segments for the six months ended 30 June 2009 and 2008 is presented below:-

	For the six months ended 30 June 2009 (Unaudited)				
	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	**183,098**	**49,436**	**37,885**	**—**	**270,419**
Inter-segment turnover	**4,449**	**—**	**—**	**(4,449)**	**—**
Total turnover	**187,547**	**49,436**	**37,885**	**(4,449)**	**270,419**
SEGMENT RESULTS	**(49,409)**	**13,642**	**9,047**	**—**	**(26,720)**
Unallocated income					**11,684**
Finance costs					**(632)**
Share of post tax profit of associates, net					**12,720**
Loss before income tax					**(2,948)**
Income tax expense					**(885)**
Loss for the period					**(3,833)**

	For the six months ended 30 June 2008 (Unaudited)				
	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	229,016	41,343	26,999	—	297,358
Inter-segment turnover	1,011	515	—	(1,526)	—
Total turnover	230,027	41,858	26,999	(1,526)	297,358
SEGMENT RESULTS	(24,144)	4,005	413	—	(19,726)
Unallocated income					7,949
Finance costs					(1,308)
Share of post tax loss of associates, net					(770)
Loss before income tax					(13,855)
Income tax expense					(1,684)
Loss the period					(15,539)

No seasonality analysis is presented as the Group's senior executive management believes the seasonality changes are immaterial.

4. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging/(crediting):-

	For the six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(a) Finance costs:-		
Interest on borrowings	**632**	1,308
(b) Other items:-		
Amortisation of technical know-how	**54**	—
Amortisation of land use rights	**499**	858
Depreciation of property, plant and equipment	**10,815**	9,446
(Reversal of)/provision for impairment on inventories	**(6,496)**	530
Reversal of provision for doubtful debts	**—**	(24)
Interest income	**(2,368)**	(1,168)

5. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
The income tax expense comprises:		
PRC current income tax		
— Provided for the period	**885**	1,684

No provision for Hong Kong Profits Tax has been made in the interim financial statements as the Group's income neither arises in, nor is derived from Hong Kong.

On 16 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 became 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 a subsidiary of the Company, the Chengdu Gaoxin Cable Company Limited, ("Gaoxin Cable"), 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 in 2008, the Group, except for Gaoxin Cable, continues to enjoy the preferential tax rate of 15% for the three years ending 31 December 2010.

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

6. INTERIM DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 2008: Nil).

7. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share for the period is based on the Group's loss attributable to equity holders of the Company of approximately RMB8,986,000 (six months ended 30 June 2008: loss of RMB17,936,000) and on 400,000,000 shares (six months ended 30 June 2008: 400,000,000 shares) in issue during the period.

(b) Diluted earnings per share

Diluted earnings per share are not presented as there were no dilutive potential shares during the six months ended 2009 and 2008.

8. PROPERTY, PLANT AND EQUIPMENT AND LAND USE RIGHTS

During the period, the Group spent approximately RMB13,351,000 (six months ended 30 June 2008: RMB9,667,000) in additions to property, plant and equipment. No payment was spent by the Group in additions to land use rights during both periods.

9. TRADE AND BILLS RECEIVABLES

The Group allows an average credit period of 120 days to its trade customers. Bills receivable have an average maturity of 120 days. The following is an aging analysis of trade and bills receivables net of allowances at the balance sheet date:-

	At 30.6.2009 ***RMB'000*** **(Unaudited)**	At 31.12.2008 *RMB'000* (Audited)
Within 90 days	**108,987**	111,823
91 - 180 days	**36,510**	69,742
181 - 365 days	**29,663**	12,363
Over 365 days	**10,221**	11,264
	185,381	205,192

10. DEPOSITS WITH INCUMBRANCE

	At 30.6.2009	At 31.12.2008
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Pledged deposits *(Note a)*	**4,080**	3,208
Designated deposits *(Note b)*	**5,734**	5,500
	9,814	8,708

Notes:

a. The amounts represent deposits pledged to banks to secure bills facilities granted to the Group. The deposits carry fixed interest rate of 3.00% per annum (2008: 3.00%). The pledged bank deposits are to be released upon the settlement of relevant bills facilities.

b. The amounts represent contributions received from employees in respect of the staff quarters development plans of the Company which have been deposited with the banks under the name of the Company and are designated for staff quarters development.

11. ASSETS CLASSIFIED AS HELD-FOR-SALE

Assets classified as held-for-sale represent the net assets of a subsidiary (2008: a subsidiary) to be disposed of within twelve months.

12. TRADE AND BILLS PAYABLES

	At 30.6.2009	At 31.12.2008
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
An aging analysis of trade and bills payables is as follows:-		
Within 90 days	**44,487**	39,109
91 - 180 days	**12,943**	9,278
181 - 365 days	**4,400**	8,761
Over 365 days	**3,542**	7,157
	65,372	64,305

13. SHARE CAPITAL

	At 30.6.2009 (Unaudited) & 31.12.2008 (Audited)	
	No. of shares	Amount
	'000	*RMB'000*
Registered, issued and fully paid-up capital of RMB1 each:-		
State-owned legal person shares	**240,000**	240,000
Oversea listed foreign investor shares	**160,000**	160,000
	400,000	400,000

14. CAPITAL COMMITMENTS

At the balance sheet date, the Group had the following capital commitments:-

	At 30.6.2009	At 31.12.2008
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Contracted but not provided for:-		
— Acquisition of machinery and equipment	**6,460**	13,905
— Relocation of Group's headquarters, and the constructions of the site of the new plant	**—**	13,140
	6,460	27,045

15. PLEDGE OF ASSETS

At the balance sheet date, the Group pledged the following assets pledged to banks as security for general banking facilities granted to the Group:-

	At 30.6.2009	At 31.12.2008
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Bank deposits	**4,080**	3,208

16. RELATED PARTY TRANSACTIONS AND BALANCES

(a) During the six months ended 30 June 2009 and 2008, the Group entered into the following transactions with related parties:-

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Ultimate holding company and fellow subsidiaries:		
— Rental income	**2,387**	1,406
— Management fee income	**60**	120
Associates:		
— Sales of finished goods	**1,596**	8,374
— Purchases of raw materials	**44,170**	18,002
— Technology transfer fee expense	**67**	—

(b) Balances with associates and related companies are unsecured, interest-fee and repayable on demand.

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Analysis of the results

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

During the Period, the Group recorded a turnover of RMB270,419,000, representing a decrease of 9.06% from RMB297,358,000 in the corresponding period last year. Among others, the turnover of copper cables and related products was RMB183,098,000, representing a decrease of 20.05% from the corresponding period last year. The turnover of optical fibres recorded RMB49,436,000 , representing an increase of 19.58% as compared with the corresponding period last year. The turnover of joining sleeves of cable recorded RMB37,885,000, representing an increase of around 40.32% over the corresponding period last year. The loss attributable to shareholders of the Company for the Period was RMB8,986,000 as compared to the loss attributable to shareholders of the Company as at 30 June 2008 of RMB17,936,000.

Major Reasons for Loss from Principal Operations

1. All-round shrink of plastic urban telephone cables market and considerable limitations of the market;

2. Decrease in selling price of copper cables was deeper than the one in prices of raw materials, especially copper.

(2) Review of principal operations

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

1. *Perfecting risk mechanism*

   In light of the inefficient management and high production cost of the Company, the Company investigated in the differences between the Company and advanced enterprises, took the weakness in management as the focal point and consolidated the foundation of management by revising the Policy on Contract Management, re-entering into contracts, carrying out laws and regulations compliance checking and enhancing the mechanism of investment risk control.

2. *Strengthening cost control*

   In view of reinforcing the fundamental management, the Company was committed to reducing the costs of marketing, purchasing and quality control by virtue of its service, bulk purchase and avoiding accidents, respectively. The Company takes the duties of financial management as the core and conducted quarterly analysis on production and operation so as to improve budget management. Resources were allocated to switch board cable and lan cable to compensate for the direct impact from the sales decline arising from the shrinkage of urban telephone cable market.

3. *Pressing ahead with cost saving*

   Riding on the reform of management techniques, as well as adjustments to the number of equipment with power supply and the on/off scope, the Company capitalized on multiplier effect to save energy and facilitate cost control. In addition, the Company saved costs by adjusting the production workflow and minimized inventories. Education and training were emphasized to raise the awareness of cost control and responsibility of staff. In order to reduce waste, the Company reinforced the supervision and control over product materials and cut down unnecessary expenses and those not for contingent use.

4. Exploring new products

Railway Vehicle Cables Project

On certification, the product samples have completed the 3C Certification (China Compulsory Certification). Having undergone the full performance test, all samples of railway vehicle cables (GB)(國標機車纜) were approved by Shanghai Cable Research Institute. Preparation work was made to gain the China Railway Certification Center Certification ("CRCC") of Ministry of Railway. The Company will step up market expansion and strive to complete the supply of the product in the near future.

Ultrafine Coaxial Cables Project

Completed the product synopsis in the construction period of projects, including the table of product structure, technical requirements and other technical documents. At present, the plant of the project is ready for operation, whereas installation and test runs of equipments and process tests of operation are underway. Sales staff are preparing for preliminary marketing initiatives, promotions and development. Relevant certification has been activated.

(3) Financial analysis

As at 30 June 2009, the Group's total assets amounted to RMB1,528,313,000, representing an increase of 5.52% from RMB1,448,341,000 as at the end of last year, in which, total non-current assets amounted to RMB599,876,000, accounting for 39.25% of the total value and representing an increase of 5.22% from RMB570,099,000 as at the end of last year. Total current assets amounted to RMB928,437,000 as at 30 June 2009, accounting for 60.75% of its total value and representing an increase of 5.72% from RMB878,242,000 as at the end of last year.

The net cash inflow from operating activities of the Group during the Period amounted to RMB26,612,000 while the net cash inflow for the corresponding period last year was RMB10,908,000.

As at 30 June 2009, the Group's bank balances and cash (including incumbranced deposits) amounted to RMB377,722,000, representing an increase of 37.36% from RMB274,986,000 as at the end of last year.

As at 30 June 2009, the Group's total liabilities amounted to RMB341,958,000 (as at 31 December 2008: RMB264,986,000). The liability to asset ratio was 22.37%, representing an increase of 4.07% as compared to 18.30% as at the end of last year. Bank loans and other loans due within one year amounted to RMB15,200,000, representing a decrease of 20.83% from RMB19,200,000 as at the end of last year.

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

During the Period, the Group's distribution costs, administrative and other operating expenses and finance costs amounted to RMB21,007,000, RMB23,817,000 and RMB632,000 respectively, representing an increase of 5.12%, a decrease of 8.71% and a decrease of 51.68% from RMB19,983,000, RMB26,090,000 and RMB1,308,000 respectively of the corresponding period last year.

During the Period, the average gross profit margin of the Group was 6.69%, representing a decrease of 2.17% from 8.86% of the corresponding period last year.

During the Period, the trade and bills receivables and inventories of the Group amounted to RMB185,381,000 and RMB205,086,000 respectively, representing a decrease of 9.65% and an increase of 2.09% respectively from RMB205,192,000 and RMB200,880,000 respectively as at the end of last year.

1. Analysis of liquidity

As at 30 June 2009, the Group's liquidity ratio and quick ratio were 280.03% and 218.17% respectively. Taking into account of the overall characteristics of the industry and the existing market conditions, the above financial information indicated that the liquidity of the Group was at the average level and the Group had a relatively good liquidity and debt repayment ability. However, it is considered that there is room for improvement of such ratios and the Company will focus on it with in-depth research.

2. *Analysis of financial resources*

As at 30 June 2009, the total of the Group's short-term bank loans and other short-term loans amounted to RMB15,200,000. This short-term loan is paid by installments and has been repaid by the Group in time as they fall due. The Group has adequate bank and cash balances of RMB367,908,000, thus, the Group's risk in short-term repayment is low.

As at 30 June 2009, the Group's balance of a long-term loan for the purchase of accelerators from France amounted to approximately RMB10,409,000 (equivalent to Euro1,080,000). Interest rate of the French government secured bank loans was 0.5% per annum. The long-term loans is payable by installments with a maximum repayment term of 36 years commencing from 1997. As the Group's balance of long-term loans was not substantial, it did not have any impact on the operation of the Group.

3. *Capital structure of the Group*

The Group's capital resources are derived from bank loans and proceeds from share issue by the Company. To ensure reasonable utilisation of capital funds, the Group has established a stringent and sound financial management system. During the Period, no problem was noted for payment of due debts and inappropriate performance of due obligations.

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

(4) Business outlook

1. *Step up fundamental management to improve management standard*

   The Company will optimize its internal management system, especially in the areas of risk management, financial management, purchase management and quality control whilst endeavoring to ensure smooth progress of operation and management with a scientific management system.

2. *Cost control through energy saving and consumption reduction*

   A cost reduction and efficiency enhancement campaign will be commenced in order to promote energy saving and consumption reduction. The "general manager's special award" (「總經理特別獎」) will be offered in an activity encouraging reasonable suggestions for cost control. In the activities, staff will be encouraged to participate in competitions in relation to ideas of energy saving, cost calculation, creativity, refined management and safety measures concerning their own positions. The activities will be systemized by the Company.

3. *Speed up development progress of new products*

   The Company will ensure a smooth transition between traditional products and the new products by perfecting every detail in the development progress of new products. Multiple certifications of the railway vehicle cables project including the China Railway Certification Center certification of the MOR and VDE certification (Prufstelle Testing and Certification, the logo of national products of Germany) will be obtained. Through stepping up development of new products market and establishing dedicated sales team, the Company will synchronize the pace of product production and market development.

OVERDUE TIME DEPOSITS

As at 30 June 2009, the Group does not have any deposits or trust deposits with non-bank financial institutions nor time deposits that cannot be recovered on maturity.

Although the Company decided at the annual general meeting of Year 2000 to write off the principal of the deposit of RMB30,000,000 in China Leasing Company Limited as bad debt, the Company has not given up on recovering this amount. During the Period, the Company continued to claim repayment against China Leasing Company Limited.

ENTERPRISE INCOME TAX

On 16 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 rate adopted by each company of the Group was modified from 33% to 25% with effect from 1 January 2008.

Excepted for a subsidiary of the Company, the Chengdu Gaoxin Cable Company Limited, ("Gaoxin Cable"), 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 in 2008, the Group, except for Gaoxin Cable, continues to enjoy the preferential tax rate of 15% for the three years ending 31 December 2010.

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

STAFF AND REMUNERATION POLICY OF THE GROUP

As at 30 June 2009, the Group had 1,172 staff members.

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

SALE OF STAFF QUARTERS

In 2006, the Group had an approved program for raising funds from its employees to construct staff quarters. As at 30 June 2009, a total of prepaid deposits of approximately RMB23,426,000 was received from the employees. The Company will transfer the ownership rights of the staff quarters to employees upon completion.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Period, none of the Company's listed securities was purchased, sold or redeemed by the Company or any of its subsidiaries.

SIGNIFICANT EVENTS

DISPOSAL OF THE LAND USE RIGHTS OF SHUANGLIU HEAT PLANT AND RELOCATION

On 12 March 2009, the branch factory of Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant (the "Shuangliu Heat Plant"), a non wholly-owned subsidiary of the Company, entered into the Land Use Rights Acquisition 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 nominal consideration of this transaction was approximately RMB87,204,327. Shuangliu Heat Plant needs to relocate its factory premises, production lines and facilities to Xinan Hangkong Economic Development Zone.

As at 30 June 2009, the cost and net book value of the land and the factory buildings and premises erected thereon were approximately RMB44,264,000 and RMB23,249,000 respectively.

AUDIT COMMITTEE

At present, the members of the audit committee of the Board of the Company (the "Audit Committee") are Mr. Choy Sze Chung, Jojo, Mr. Wu Zhengde and Mr. Li Yuanpeng.

The Audit Committee is primarily responsible for the internal control and review and report of financial information of the Company and to make recommendation to the Board on the appointment and removal of external auditors. The Audit Committee has reviewed the unaudited interim consolidated financial statements and interim report for the six months ended 30 June 2009 of the Group.

The Audit Committee considered that the interim consolidated financial statements and interim report for the six months ended 30 June 2009 had complied with the requirements of applicable accounting standards and laws and appropriate disclosures were made.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICE

The Company recognises the value and importance of good corporate governance to enhance corporate performance and accountability.

The Board considered that the Company had complied with the code provisions set out in the Code on Corporate Governance Practice (the "Code") as stated in Appendix 14 of the Listing Rules during the Period. None of the Directors is aware of any information that would reasonably indicate that the Company is not or was not for any time of the Period in compliance with the requirements of the Code.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors and supervisors of the Company.

After specific enquiries to the Board and the supervisory committee, the Board is pleased to confirm that all Directors and supervisors had confirmed that they have fully complied with the Model Code during the Period.

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

Chengdu, the PRC, 14 August 2009

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

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

* *For identification purposes only*