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 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 (collectively the "Group") for the year ended 31 December 2009 (the "Year") together with comparative figures for the corresponding period of 2008 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 *RMB'000*	2008 *RMB'000*
Turnover	3	**571,340**	649,162
Cost of sales		**(500,593)**	(589,611)
Gross profit		**70,747**	59,551
Other income and gain	4	**27,698**	81,910
Distribution costs		**(49,374)**	(47,468)
Administrative expenses		**(67,273)**	(67,750)
Operating (loss)/profit	5	**(18,202)**	26,243
Finance costs	6	**(1,093)**	(1,856)
Gain on disposal of land use rights		**—**	88,521
Share of results of associates		**27,152**	2,586
Profit before income tax		**7,857**	115,494
Income tax (expense)/credit	7	**(5,799)**	12,367
Profit for the year		**2,058**	127,861

(Loss)/profit for the year attributable to:-			
Owners of the Company		**(9,259)**	117,496
Non-controlling interests		**11,317**	10,365
		2,058	127,861
		RMB Cents	*RMB Cents*
Basic (loss)/earnings per share for (loss)/profit attributable to the owners of the Company	8	**(2)**	29

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

	2009	2008
	RMB'000	*RMB'000*
Profit for the year	**2,058**	127,861
Other comprehensive income, net of tax:-		
Fair value gain on available-for-sale investments	**14,662**	4,197
Total comprehensive income for the year	**16,720**	132,058
Total comprehensive income attributable to:-		
Owners of the Company	**5,403**	121,693
Non-controlling interests	**11,317**	10,365
	16,720	132,058

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2009

	Note	**2009** *RMB'000*	2008 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**283,352**	275,483
Land use rights		**40,895**	41,892
Construction-in-progress		**61,497**	27,260
Interests in associates		**214,552**	196,203
Available-for-sale investments		**24,915**	6,925
Technical know-how		**875**	982
Deferred tax assets		**14,897**	21,354
		640,983	570,099
CURRENT ASSETS			
Inventories		**258,574**	200,880
Trade and bills receivables	9	**138,930**	205,192
Financial assets at fair value through profit or loss		**—**	100,000
Prepayments, deposits and other receivables		**33,360**	75,816
Loan advanced to an associate		**8,000**	—
Amounts due from associates		**480**	1,664
Amounts due from related companies		**427**	3,633
Deposits with incumbrance		**32,358**	8,708
Bank balances and cash		**379,947**	266,278
		852,076	862,171
Assets classified as held-for-sale		**25,050**	16,071
		877,126	878,242

LESS:			
CURRENT LIABILITIES			
Trade and bills payables	10	**90,701**	64,305
Other payables and accrued charges		**163,848**	115,312
Deposits for staff quarters		**6,493**	23,492
Amounts due to associates		**18,508**	13,572
Amounts due to related companies		**9,908**	9,590
Current income tax payable		**3,628**	9,086
Bank and other borrowings			
— amount due within one year		**15,700**	19,200
		308,786	254,557
NET CURRENT ASSETS		**568,340**	623,685
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,209,323**	1,193,784
NON-CURRENT LIABILITY			
Bank and other borrowings			
— amount due after one year		**10,578**	10,429
NET ASSETS		**1,198,745**	1,183,355
REPRESENTING:-			
CAPITAL AND RESERVES			
Share capital		**400,000**	400,000
Reserves		**685,929**	680,526
Equity attributable to the owners of the Company		**1,085,929**	1,080,526
Non-controlling interests		**112,816**	102,829
TOTAL EQUITY		**1,198,745**	1,183,355

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2009

1. GENERAL

The Company is a sino-foreign joint stock limited company established in the Peoples' Republic of China ("PRC"). Its ultimate holding company is China PUTIAN Corporation ("Potevio Group"), a state-owned enterprise established in the PRC. China Potevio Company Limited ("China Potevio"), 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 information 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 information have been extracted from the Company's consolidated financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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

In the current year, the Group initially applied the following new or revised standards, amendments and interpretations ("new HKFRSs") issued by HKICPA:-

HKFRSs (Amendments)	Improvements to HKFRSs
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arisingon Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendments)	Share-based Payment — Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instrument Issued in 2008
HK(IFRIC)-Int 9 and HKAS 39 (Amendments)	Embedded Derivatives
HKFRS 8	Operating Segments
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 18	Transfers of Assets from Customers
Improvements to HKFRSs (2008)	Other than amendments to HKFRS 1 and HKFRS 5

Except for the following new HKFRSs, the application of other new HKFRSs had no material impact on the Group's consolidated financial statements for the current or prior accounting periods.

As a result of the adoption of HKAS 1 (Revised), details of changes in equity during the year arising from transactions with owners in the capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expenses are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

HKFRS 8 requires segment disclosure be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's consolidated financial statements into segments based on related products. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is consistent with internal reporting provided to the Group's chief operating decision maker regards and manages the Group. No corresponding amounts have been restated to conform to the new presentation.

The amendments to HKAS 27 have removed the requirement that dividends paid out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in investee, rather than as income. As a result, as from 1 January 2009, all dividends receivable from subsidiaries, associates and jointly controlled entities, whether out of pre- or post-acquisition profits, will be recognised in the profit or loss and carrying amounts of the investments in the investees will not be reduced unless that an carrying amount is assessed to be impaired as a result of the dividend declared. In such cases, in addition to recognizing dividend income in profit or loss, an impairment loss would be recognised. In accordance with the transitional provisions in the amendments, this new policy will be applied prospectively to any dividends received and receivable in the current or future periods and the previous periods have not been restated.

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

The following HKFRSs in issue as at 31 December 2009 have not been applied in the preparation of the consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 January, 2009:-

HKFRSs (Amendments)	Amendments to HKFRSs 1 and HKFRS 5 as part of improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRS issued in 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendments)	Classification of Rights Issues[4]
HKAS 39 (Amendments)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[1]
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transaction[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments (relating to the classification and measurement of financial assets)[7]
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 July 2009 or 1 January 2010 as appropriate
3 Effective for annual periods beginning on or after 1 January 2010
4 Effective for annual periods beginning on or after 1 February 2010
5 Effective for annual periods beginning on or after 1 July 2010
6 Effective for annual periods beginning on or after 1 January 2011
7 Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's financial statements except for the following:-

HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and to assessing their performance. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

Information reported to the chief operating decision maker, directors of the Company, is more specifically focused on the types of goods delivered by the Group's operating divisions. The Group's operating and reportable segments under HKFRS 8 are therefore as follows:-

Manufacture and sale of:-

1. Copper cable and related products

2. Optical fibres and related products

3. Cable joining sleeves and related products

Segment assets include all tangible, intangible assets and current assets with the exception of interests in associates and deferred tax assets. Segment liabilities include trade payable, accruals and deposits received and other borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment results is "adjusted EBITDA" i.e. adjusted earnings before interest, taxes, depreciation and amortisation expenses. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of results of associates, directors' and auditor's remuneration and other head office or corporate administrative costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter-segment sales), interest income and expenses from cash balances and borrowings managed directly by the segments, depreciation, amortisation and additions to non-current segment assets by the segments in their operations.

Information regarding the above segments is reported below.

Segment revenues and results

The following is an analysis of the Group's revenues and results by reportable segment for the years ended 31 December 2009 and 2008:-

	For the year ended 31 December 2009				
	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*
REPORTABLE SEGMENT TURNOVER					
External turnover	370,667	109,949	90,724	—	571,340
Inter-segment turnover	11,758	—	—	(11,758)	—
Total turnover	382,425	109,949	90,724	(11,758)	571,340
REPORTABLE SEGMENT RESULTS (ADJUSTED EBITDA)	(38,870)	34,316	6,659		2,105
Share of results of associates					27,152
Depreciation and amortisation					(22,539)
Gain on disposal of an asset transferred from an associate					6,427
Finance costs					(1,093)
Unallocated corporate expense					(4,195)
Profit before income tax					7,857

Segments assets and liabilities

	At 31 December 2009			
	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				
Reportable segment assets	925,780	111,619	160,938	1,198,337
Interests in associates				214,552
Available-for-sales investments				24,915
Deferred tax assets				14,897
Loan advanced to an associate				8,000
Deposits with incumbrance				32,358
Assets classified as held-for-sale				25,050
Consolidated total assets				1,518,109
LIABILITIES				
Reportable segment liabilities	217,974	21,267	50,217	289,458
Current income tax payable				3,628
Borrowings				26,278
Consolidated total liabilities				319,364

Other segment information

Capital expenditure	51,086	2,380	27,224	80,690
Depreciation and amortisation	17,134	4,665	740	22,539
Interest income	(4,399)	(1,240)	(451)	(6,090)
Interest expense	753	—	—	753
Loss/(gain) on disposals of property, plant and equipment	54	(66)	—	(12)
Impairment loss on trade receivables	1,398	—	—	1,398
Reversal of write-down on inventories	(11,337)	—	—	(11,337)
Reversal of impairment loss on other receivables	(1,531)	—	—	(1,531)
Income tax (credit)/expense	(410)	3,679	2,530	5,799

Segment revenues and results

	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*
REPORTABLE 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
REPORTABLE SEGMENT RESULTS (ADJUSTED EBITDA)	4,841	16,263	22,045		43,149
Unallocated other operating income					10,141
Depreciation and amortisation					(25,265)
Unallocated corporate expense					(1,782)
Share of results of associates					2,586
Gain on disposal of land use rights					88,521
Finance costs					(1,856)
Profit before income tax					115,494

Segments assets and liabilities

	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
Available-for-sale investments				6,925
Deferred tax assets				21,354
Financial assets at fair value through profit or loss				100,000
Deposits with incumbrance				8,708
Assets classified as held for sale				16,071
Consolidated total assets				1,448,341
LIABILITIES				
Segment liabilities	188,657	16,917	20,697	226,271
Current income tax payable				9,086
Borrowings				29,629
Consolidated total liabilities				264,986

Other segment information

Capital expenditure	66,499	193	1,254	67,946
Depreciation and amortisation	19,547	4,623	1,095	25,265
Interest income	(1,913)	(357)	(667)	(2,937)
Interest expense	1,589	—	—	1,589
Gain on disposals 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 write-down on other receivables	(857)	—	—	(857)
Reversal of provision for impairment on inventories	(13,925)	—	(4,987)	(18,912)
Income tax (credit)/expense	(15,761)	3,384	10	(12,367)

Entity-wide Information

All the Group's non-current assets are located in the PRC where all revenues are derived in the PRC.

4. OTHER INCOME AND GAIN

	2009	2008
	RMB'000	*RMB'000*
Interest income	**6,500**	2,937
Exchange gain	**—**	1,157
Gain on disposal of an asset transferred from an associate *(note a)*	**6,427**	—
Gain on disposals of available-for-sale investments	**—**	8,944
Rental income	**608**	738
Gain on disposals of property, plant and equipment	**12**	236
Reversal of impairment loss on trade receivables	**—**	44,865
Reversal of write-down on inventories	**11,337**	18,912
Reversal of impairment loss on other receivables	**1,531**	857
Gain on disposal of interest in an associate	**—**	1,197
Sales of scrap materials	**260**	250
Government subsidy income *(note b)*	**1,011**	—
Others	**12**	1,817
	27,698	81,910

Note:-

(a) During the year, the liquidator of an associate currently under voluntary liquidation transferred a plot of land to the Company as part of the distribution of residual assets. The land was fair valued at RMB20,573,000. The land was subsequently possessed by the Wenjiang government at RMB27,000,000 during the year.

(b) Government subsidy income represents a one-off unconditional subsidy from local government for the interruption to production in the 2008 earthquake and the difficulties that the Company encountered in 2009 economic crisis.

5. OPERATING (LOSS)/PROFIT

	2009	2008
	RMB'000	*RMB'000*
Operating (loss)/profit has been arrived at after charging/(crediting):-		
Auditor's remuneration	**1,050**	1,050
Amortisation of technical know-how	**107**	88
Amortisation of land use rights	**997**	1,101
Depreciation on property, plant and equipment	**21,435**	24,076
Provision/(reversal) of impairment loss on trade receivables	**1,398**	(44,865)
Net exchange loss/(gain), net	**218**	(1,157)
Staff costs		
— Salaries and allowances	**20,463**	35,762
— Defined contribution scheme contributions	**3,141**	9,428

6. FINANCE COSTS

	2009	2008
	RMB'000	*RMB'000*
Interest on bank and other borrowings wholly repayable within five years	**715**	1,551
Interest on bank borrowings not wholly repayable within five years	**38**	38
Other bank charges	**340**	267
	1,093	1,856

7. INCOME TAX EXPENSE/(CREDIT)

	2009	2008
	RMB'000	*RMB'000*
PRC enterprise income tax:-		
— current tax on profits for the year	**6,015**	7,363
— (over)/under-provision in prior years	**(3,345)**	1,624
	2,670	8,987
Deferred taxation		
— current year	**3,129**	(21,354)
	5,799	(12,367)

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong for the two years ended 31 December 2009.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Progress 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 in 2008, 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 for the two years ended 31 December 2009 and did not enjoy preferential policy in the form of reduced tax rate.

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

	2009	2008
	RMB'000	*RMB'000*
Profit before tax	**7,857**	115,494
Tax at applicable tax rate of 25% (2008: 25%)	**1,964**	28,874
Tax effect of share of results of associates	**(6,788)**	(647)
Tax effect of income not subject to tax	**(1,860)**	(5,326)
Tax effect of expenses not deductible for tax purpose	**19,848**	3,065
Utilisation of tax losses previously not recognised	**—**	(12,161)
Utilisation of other temporary difference previously not recognised	**—**	(23,550)
(Over)/under-provision in prior years	**(3,345)**	1,624
Effect of preferential tax rate	**(4,020)**	(4,246)
Income tax expense/(credit) for the year	**5,799**	(12,367)

8. BASIC (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the Group's (loss)/profits attributable to owners of the Company for the purpose of basic (loss)/earnings per share of loss approximately RMB9,259,000 (2008: profit of RMB117,496,000) and based on weighted average number of 400,000,000 (2008: 400,000,000) shares for the purpose of basic (loss)/earnings per share.

Diluted (loss)/earnings per share are not presented as there were no dilutive shares outstanding during the two years ended 31 December 2009.

9. TRADE AND BILLS RECEIVABLES

	2009	2008
	RMB'000	RMB'000
Trade and bills receivables	**197,567**	262,431
Less: Allowance for bad and doubtful debts	**(58,637)**	(57,239)
	138,930	205,192

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 year end date.

	2009	2008
	RMB'000	*RMB'000*
Within 90 days	**87,110**	111,823
91 - 180 days	**25,153**	69,742
181 - 365 days	**19,261**	12,363
Over 1 year	**7,406**	11,264
	138,930	205,192

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 movements in the allowance for bad and doubtful debts are as follows:-

	2009	2008
	RMB'000	*RMB'000*
Balance at beginning of the year	**57,239**	102,104
Provision of impairment loss recognised in income statement	**1,398**	—
Reversal of impairment loss recognised in income statement	**—**	(44,865)
Balance at end of the year	**58,637**	57,239

10. TRADE AND BILLS PAYABLES

	2009	2008
	RMB'000	*RMB'000*
An ageing analysis of trade and bills payables is as follows:-		
Within 90 days	**83,602**	39,109
91 - 180 days	**1,669**	9,278
181 - 365 days	**2,211**	8,761
Over 365 days	**3,219**	7,157
	90,701	64,305

MANAGEMENT DISCUSSION AND ANALYSIS

Results Overview

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

EXPLANATION FOR BUSINESS RESULTS

During the Year, the Group did not record any gain on disposal of land use rights. It had, however, recognised a gain on disposal of land of approximately RMB88,521,000 during the previous year (the gain was fully recovered last year). In addition, the Group's reversal of asset impairment allowance for the Year had decreased by approximately RMB51,766,000 over the previous year, it recorded a relatively significant decrease in other gains.

If the effects of the above two factors are excluded, the Group's profit before income tax for the Year should have increased as compared with the previous year.

During the Year, the replacement of copper cable by optical fibre had a ripple effect on the Group, leading to additional loss in its turnover and a relatively low level of profit from copper cable. In this connection, the Company will step up its efforts to accelerate the marketing of its new products, so as to minimise the effects of the decrease in turnover due to the shrink of the copper cable and related products segment, and bring new profit growth points for the Company.

REVIEW OF PRINCIPAL BUSINESS

1. Improved quality of management and tided over operational difficulties

On procurement front, we strengthened internal control and cost calculation and established the linkage and interaction mechanism among sales, finance, supply and production. We also introduced reporting system to joint ventures and associate companies in their bulk purchase of cable raw materials and reduced procurement cost through inviting bids from all suppliers.

On finance front, we enhanced financial budget control; on the basis of quarterly analysis on production and operation, we closely followed the cost of each product and made timely adjustments to its production. In addition, smooth implementation of new projects was ensured by reasonable capital allocation.

On marketing front, we adjusted existing sales network based on our operation status. Targeting three major sectors, namely traditional products, locomotive cable market and ultra fine electronic wire, we set to build the sales platform, adjust sales strategy and sales personnel. Moreover, we increased development efforts in programme-controlled cable and data cable in order to offset the effect from shrinking urban telephone cables market.

On investment management front, we continued to liquidate the non-performing investment. In particular, the liquidation of Sichuan Provincial Telecommunications Cable Plant Company Limited ("Sichuan Provincial Telecommunications") is nearly complete; the preliminary proposal regarding the disposal of Chengdu Peak Power Sources Co., Ltd. ("Chengdu Peak") was also available. In addition, we conducted strict evaluation on joint ventures and associate companies with an aim to strengthening our control over significant matters in their production and operation.

On the front of technology for existing copper cable products, we prepared layout of technical process for repurchased equipment in Dongguan Factory, conducted Underwriter Laboratories (UL) certification for programme-controlled cable, and prepared and organised the implementation of reutilisation programme for coiling reel of programme-controlled cable. The industrial standards for cable-to-household based on Digital Subscriber Line (xDSL) transmission formulated under the guidance of the Company had been released for execution during the Year.

On the front of information technology, the Company established information technology panel in April 2009 and chose the Integrated Management Information System (IMIS) currently in use at China Potevio. In October 2009, we started to implement cooperative office system and IMIS system. By the end of December 2009, IMIS system commenced on-line test run.

2. Increased efforts in new product development which saw effective outcomes

Electrical equipment cable project

In July 2009, we completed the installation and commissioning of multiple head wire drawing machine, and successfully put them into production. In early September 2009, we obtained the 3C certification for cable for cotton covered wire (Polyvinyl chloride insulated cables of rated voltages up to and including 450/470V) and Railway applications-Railway rolling stock power and control cable. As to cable for rail transit vehicle, the Company developed three major series of cable based on European standard, French standard and national standard, respectively. We have obtained relevant testing reports from Shanghai Cable Research Institute for our European standard cables. In addition, both of our European standard cable and national standard cable passed the DIN5510 flame test of German laboratory as certificated by Union of European Railway Industries. Meanwhile, we made noticeable progress in market development, and aspired to secure cable contract for metro projects.

Ultra fine electronic wire project

Since its launch in early 2009, the ultra fine electronic wire project advanced smoothly in all aspects. On one hand, the draft national standard and industrial standard for ultra fine coaxial cable was completed and posted on the website, and will be released upon approval; the first draft of industrial standard for ultra fine power cord was also completed. On the other hand, with completion of equipment installation and commissioning, as well as commencement of trial production in August 2009. In addition, the project was able to operate on the basis of mass production for certain products, for which, we obtained satisfactory test report from authoritative test institute in early November 2009, and signed the first component contract in late December 2009.

FINANCIAL ANALYSIS

Turnover

For the Year, the turnover of the Group amounted to approximately RMB571,340,000, a decrease of 11.99% as compared to approximately RMB649,162,000 for the year ended 31 December 2008 (the "Previous Year").

During the Year, the turnover of copper cables was approximately RMB370,667,000, a decrease of 21.85% as compared with the Previous Year, of which plastic urban telephone cables accounted for RMB50,400,000, a decrease of 56.88% as compared with the Previous Year; programme-controlled cables amounted to RMB47,323,000, an increase of 2.04% as compared with the Previous Year.

Chengdu SEI Optical Fibre Co., Ltd ("Chengdu SEI"), a company in which the Company owns 60% equity interest, recorded a turnover of optical fibre of approximately RMB109,949,000; Chengdu Shuangliu Heat Shrinkable Products Plant ("Shuangliu Heat Shrinkable"), a company in which the Company owns 66.7% equity interest, recorded a turnover of cable joining sleeves of approximately RMB90,724,000.

Loss attributable to equity holders of the Company

The net loss attributable to equity holders of the Company for the Year amounted to approximately RMB9,259,000, representing a decrease of 92.12% as compared with profit of approximately RMB117,496,000 for the Previous Year.

Results Analysis

As at 31 December 2009, the Group's total assets were approximately RMB1,518,109,000, representing an increase of 4.82% as compared with approximately RMB1,448,341,000 as at the end of Previous Year. Current assets amounted to approximately RMB877,126,000, accounting for 56.13% of the total assets and representing a decrease of 0.12% as compared with approximately RMB878,242,000 as at the end of Previous Year. Property, plant and equipment totalled approximately RMB283,352,000, accounting for 18.66% of the total assets and representing an increase of 2.86% as compared with approximately RMB275,483,000 as at the end of Previous Year, which was mainly attributable to the fact that the Company's construction of the western district was transferred into fixed assets.

As at 31 December 2009, the Group's total liabilities amounted to approximately RMB319,364,000; liability-to-asset ratio was 21.03%; bank and other short-term loans were approximately RMB15,700,000, representing a decrease of 18.23% as compared with approximately RMB19,200,000 as at the end of Previous Year. During the Year, the Group did not arrange other capital raising activities.

As at 31 December 2009, the Group's bank deposits and cash totalled approximately RMB412,305,000, representing an increase of 49.94% as compared with RMB274,986,000 as at the end of Previous Year.

During the Year, the Group's distribution costs, administrative and other operating expenses, and finance costs amounted to approximately RMB49,374,000, RMB67,273,000 and RMB1,093,000 respectively, representing an increase of 4.02%, a decrease of 0.70% and a decrease of 41.11% respectively as compared with approximately RMB47,468,000, RMB67,750,000 and RMB1,856,000 respectively in Previous Year.

As at 31 December 2009, the Group's trade and bill receivables and inventories amounted to approximately RMB138,930,000 and RMB258,574,000 respectively, representing a decrease of 32.29% and an increase of 28.72% respectively as compared with RMB205,192,000 and RMB200,880,000 respectively as at the end of Previous Year.

Analysis of Capital Liquidity

As at 31 December 2009, the Group's current assets amounted to approximately RMB877,126,000 (2008: RMB878,242,000), current liabilities were approximately RMB308,786,000 (2008: RMB254,557,000), the annual receivables turnover period was 110 days and the annual inventory turnover period was 168 days. The above data indicates that the Group's capital liquidity was reasonable but there is still room for improvement. Liquidity and repayment ability were satisfactory. (*Note:* deposit, trade and bill receivables are expressed in net value).

Analysis of Financial Resources

As at 31 December 2009, the Group's bank and other short-term loans were approximately RMB15,700,000. As the Group had comparatively sufficient bank deposits and cash with a total amount of approximately RMB412,305,000, therefore, the Group does not have short-term repayment risk.

Non-current Liabilities or Loan

As at 31 December 2009, the outstanding amount of the Group's long-term loan incurred as a result of the purchase of a French accelerator was approximately RMB10,578,000 (equivalent to approximately EUR1,078,000), which is French government guaranteed bank loan at an interest rate of 0.5% per annum. The loan denominated in Euros is subject to exchange rate risks resulting from fluctuations of the exchange rate in the international foreign exchange market. This long-term loan is instalment loan 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, raised proceeds, corporate profit and proceeds from the disposal of the land use rights of the old site of the Company. The use of raised 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 high risks and to improving its return on investments. During the Year, debts and obligations were repaid and performed when due in accordance with the relevant contractual terms.

Cash and Source of Funds

The Group's net cash inflow from operating activities amounted to approximately RMB97,930,000 during the Year (2008: net cash outflow of approximately RMB86,525,000).

During the Year, the Group spent approximately RMB11,943,000 (2008: RMB7,583,000) and approximately RMB68,747,000 (2008: RMB59,293,000) respectively on purchases of property, plant and equipment and on construction-in-progress.

As at 31 December 2009, the Group's total liabilities and non-controlling interests amounted to approximately RMB432,180,000 (2008: RMB367,815,000). The Group's interest expenses were approximately RMB753,000 for the Year (2008: RMB1,589,000).

Contingent Liabilities

As at 31 December 2009, the Group did not have any contingent liabilities (2008: Nil).

BUSINESS OUTLOOK

1. Insist on strategic thinking and adjust structure to promote development

Seek stable development in optical fibres and cables and heat shrinkable products

As optical fibres and cables and heat shrinkable products will be subject to the impact of various factors, it is difficult to maintain high level of profitability, thus 2010 is expected to see a depressed profit for optical fibres and cables and our top priority is to ensure a steady development in this area. In response, we seek to minimise the adverse effect on profitability due to a price decline of optical fibre and cable through expansion of production capacity and development of optical hardware market based on market conditions. Chengdu MCIL Radio Communications Co. Ltd. will strive to enhance its internal management and set up a new structure of product portfolio as early as possible through in-depth technical research and development and flexible cooperation with external parties, so as to step out of the cut-throat industry competition and make plans for expanding its component processing capacity. Shuangliu Heat Shrinkable is to minimise the impact on sales due to relocation through reasonable arrangement for production and relocation.

Reduce loss in traditional copper cable business

As the Company has suffered a significant loss in its telecommunications copper cable business, in 2010, it is determined to first carry out the replacement of plastic power cables and dispose of scrapped copper cables in due course with an aim to maximising benefit for the Company; second, strengthen cost control throughout the production process, further refine assessment indicators and conduct in-depth survey and analysis based on quarterly economic activities. Meanwhile, problems arising from production shall be promptly resolved by coordination and streamlined production will be facilitated so as to improve gross margin and lessen losses. In addition, we are to explore new operation mechanisms aiming to realise an orderly advance and retreat for telecommunications copper cable business.

Increase investment in new products to expand market

It is imperative for the Company in 2010 to expand the scale of electrical equipment cable project in a timely and smooth manner, and it also serve as a premise for the Company to become a major supplier of locomotive cables. Accordingly, a project team led by Guo Aiqing, General Manager of the Company, has been set up to concentrate the Company's resources to firmly push forward the development of the project. Another major task of the Company is to tap new markets. We aim to enter into the market of cable used for rail transit vehicles by leveraging our presence in the market of cable used for metro locomotive. More efforts will be put in the preparation for certification, in order to obtain the certification from China Railway Certification Center of Ministry of Railway ("CRCC") as early as possible. Besides, we will broaden the range of electrical equipment cables, keep exploring special cable market, expand business scope and make better use of the equipment's processing capacity.

For the ultra fine electronic wire and component project, equipment installation and trial commissioning (other than a small number of equipments to be purchased) has been completed, the production line has been in place with a pilot production capacity and market development has been rolled out gradually. The Company will be set to implement the processing of ultra fine electronic wire and components and build a marketing team for such products.

2. Strengthen fundamental management to improve operation level

Standardise internal control to enhance risk control

We will raise our risk prevention awareness and incorporate the requirements of risk control and internal control into the whole process of management. Relevant risk management system will be formulated and optimised based on the integrated framework of enterprise risk management. We will raise awareness of risk identification and precaution, carry out scientific forecast analysis on risks and perform risk assessment on strategic decisions. Authorization management will also be improved in order to enhance control of the signing and execution of contract; and we will implement the plan to build corporate legal system, with an aim to establishing a general legal advisory system and a legal risk prevention mechanism at a preliminary stage, and advocating legal reviews on material decisions, rules and regulations and contracts.

Strengthen refined management to improve cost control ability

We are to carry out contract-based cost management with cost target and gross margin target expressly specified, with a view to reducing production cost and pushing up gross profit margin of existing products through exploration of new growth. On the other hand, the connection between production and sales is to be enhanced with a sales-oriented procurement and production, inventory is to be maintained at reasonable level and regular analysis and reporting system is to be established for inventory. In addition, copper cables received from the replacement is to be disposed of at appropriate timing to ensure collection of payments on one hand and seek maximum profit on the other.

Conduct sound financial management to ensure budget targets are met

The Company will take the annual budget as the basis for carrying out each operation and management activity, and formulate specific measures and plans to meet the annual budget target. In connection with the annual budget, a dynamic follow-up is to be implemented and a regular analysis and reporting system is to be established, so as to conduct analysis on the deviation from the budget during business development and management. We will reinforce centralized capital management and closely control external guarantees to reduce relevant risks. Moreover, cash flow management will be tightened with sound capital planning; receivables and inventory management is to be strengthened to reduce capital occupation.

Take aim at target markets and enhance marketing efforts

We plan to put more efforts in market development and devote more resources on the target markets for the two new products. We are also to enrich the sales team and build a sales platform for the new products while exploring new marketing approach and keeping abreast of market development; it is also necessary to improve the calibre of sales staff and improve incentive mechanism to fully arouse their initiatives. In the meanwhile, efforts must be made to cement the market of traditional copper cable products. As for plastic cables, programme-controlled cables and data cables, the sales volume is to be maintained at a reasonable level through market segmentation and adopting a combined marketing strategy. The replacement of all plastic products will be carried out properly, so as to reduce the adverse impact due to depressed demand.

Strive for a sound investment management

We will strengthen our supervision and management on joint ventures and associate companies, especially in the area of their operation status, so that we could provide necessary guidance for sound operation. In this connection, the Key Performance Indicators ("KPI") assessment and incentive policies are to be improved. Chengdu CCS Optical Fibre Cable Co., Ltd. ("Chengdu CCS") is expected to complete its capacity expansion plan of 5,000,000 fibre km in the middle of the year; Chengdu SEI is expected to complete the installation and trial commissioning of its 2 # and 3 # production lines in the second quarter which will increase its capacity to 2.4 million fibre km; and Shuangliu Heat Shrinkable is to further explore the market for its non-communication products with an aim to raising its market share. We will organise to have standardised management systems in place for any joint ventures and associate companies, and exert strict inspection on their implementation. While ensuring smooth implementation of existing cooperation projects, we will seek other cooperation in more areas and at multiple levels with the guidance and assistance of China Potevio. In the meantime, we are to increase our efforts in trimming our long-term investments and accelerating the disposal of idle assets and non-performing assets. With regard to the investment projects, we will strengthen feasibility studies and post-project evaluation management and establish a regular analysis and reporting system. From the position of investors, we are to lay down pertinent development and investment strategies in respect of joint ventures and associate companies, so as to maximise investors' benefit.

Enhance human resource management and promote the strategy of "human-based development"

Management of senior staff is of top priority in our human resources management. In this regard, we are to evaluate, appoint and dismiss our senior staff mainly based on their contribution to Potevio Group's development, production and operation. In addition, we will implement the Guidance on Position Management Systems in Invested Enterprises by Potevio Group, introduce the international job evaluation system on a trial basis and promote fresh measures for remuneration management and performance assessment. Professional talents will be employed and trained to serve the research and development of new products. We aspire to make breakthrough in engagement of high-end talents for our urgent need and seeking experts' technical advice. Meanwhile, more efforts are to be made in staff deployment so that their talents could be brought into full play and more human resources could be devoted to more promising and profitable products. More effective and viable incentive mechanism will be established to boost enthusiasm of our staff in full measure. Furthermore, we are to provide training on financial knowledge and risk management for senior management, increase efforts in professional and vocational training for key staff and carry out the campaign of building excellent teams, with an aim to enhancing general competence of senior management team, and eventually to serving the needs of the Company's future development.

Continue to promote centralised and standardised procurement

We will continue to improve our procurement system, which is expected to cover the purchase made at research and development stage, so as to effectively control material cost and realise multi-channel supply. Supplier assessment will be carried out on a trial basis to establish a competition mechanism among suppliers by dynamic optimisation. With regard to bulk procurements, we plan to set up a regular analysis and reporting system and enhance the communication and information sharing between headquarters and joint ventures and associate companies; we will also promote the practice of joint negotiation but signing of separate contract for bulk procurements, with an aim to improving procurement efficiency. In addition, with more comparison on quality and price, we strive to improve the product quality and reduce costs for our procurements through centralised procurement.

Strengthen management of quality, environment and occupational health & safety

We will continue to improve the integrated management system of quality, environment and occupational health & safety, strengthen process management and establish a scientific mechanism for continuous improvement of system operation. Every effort is to be made to ensure satisfactory product quality as well as effective control on significant environmental factors and major sources of hazards. We are to pass the certification by institutes engaged by major customers for our electrical equipment cable products and also attain CRCC certification for such products. The extremely fine coaxial cable is to be covered by the Three Systems and UL certification is to be obtained for products as required by customers. Moreover, proper efforts will be made in third-party audit for 3C and the Three Systems.

Accelerate the development of information technology

The Company is to formulate information technology planning and make it part of its corporate strategic development planning. The Company is to leverage on information technology to streamline the management processes and improve operational efficiency, while taking the application of information-based system as the means to standardise and enhance its overall management, so as to cater for the growth of the Company. To be specific, we will promote the effective integration and efficient utilisation of various information resources; take full advantage of the established IMIS system in collaborative office and contract management with an aim to standardising procedures and improving efficiency.

Overdue Time Deposits

As at 31 December 2009, the Group did not have any deposit or trust deposit with non-bank financial institutions nor any other 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.

Disposal of Staff Quarters

The Group approved a new programme for raising funds from its employees to construct staff quarters during the year 2006. As at 31 December 2009, a total of prepaid deposits of approximately RMB6,493,000 was received from the employees in this programme. As the fundraising programme for construction of staff quarters 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 RMB1,345,000 in the Year (2008: RMB1,280,000). The Board considered that the implementation of the basic medical insurance scheme for employees had no material impact on the financial status of the Company.

INCOME TAX

On 16 March 2007, the Fifth Plenary Session of the Seventh National People's Congress promulgated the Corporate Income Tax Law of the People's Republic of China (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 Group to entitle to 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.

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

PLEDGE OF ASSETS

In the Year, owing to sufficient capital of production operations, the Group did not obtain any loans from banks which was secured by the Group's assets (2008: the Group did not obtain any loans from banks which was secured by the Group's assets).

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, The People's Bank of China 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 the Group's 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 minimise such risks.

SHAREHOLDING AND CHANGE IN SHARE CAPITAL STRUCTURE

1. Share capital structure

During the year ended 31 December 2009, 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 2009, 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 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 of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

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

For the year ended 31 December 2009, 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 or relevant entitlements

During the year ended 31 December 2009, the Group did not issue any convertible securities, share options, warrants or relevant entitlements.

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 2009 and as at the date of this announcement.

SIGNIFICANT EVENTS

1. Changes in directors and supervisors upon re-election

Pursuant to the stipulation under the Articles of Association of the Company, the term of office of each Board of the Company shall be three years and directors are eligible for re-election. Directors shall be elected from the existing Board or candidates nominated by shareholders holding 3% more of the issued voting shares of the Company at the general meeting. The three-year term of the Company's fifth session of the Board had expired since its establishment on 17 August 2006. Accordingly, the Company held an extraordinary general meeting for election of the sixth session of the Board and the Supervisory Committee of the Company on 18 September 2009. After the election, Mr. Zhang Xiaocheng, Mr. Guo Aiqing, Ms. Fu Ruolin, Mr. Chen Ruowei, Mr. Su Wenyu and Mr. Jiang Jianping were elected as six executive directors of the sixth session of the Board of the Company; Mr. Choy Sze Chung, Jojo, Mr. Wu Zhengde and Mr. Li Yuanpeng were elected as three independent non-executive directors of the sixth session of the Board of the Company; and Mr. Yang Zhihe and Mr. Xiong Ting were elected as two shareholders' representatives supervisors of the sixth session of the Supervisory Committee of the Company. In addition, Ms. Dai Xiaoyi was elected as a staff representative supervisor (accounting for one-third of the Supervisory Committee) by the staff of the Company by way of democratic election on 20 March 2009.

2. Change of auditors in the past three years

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 2008 annual general meeting ("2008 AGM") 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 2008 AGM of the Company.

The Company has proposed 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 at the 2008 AGM held on 19 June 2009.

3. 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 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 of the land (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 RMB87,204,327. Shuangliu Heat Plant needs to relocate its factory premises, production lines and facilities to Xinan Hangkong Economic Development Zone.

As at 31 December 2009, the cost and net book value of the land and the factory buildings and premises erected thereon was approximately RMB22,509,000.

FINAL DIVIDEND

The Board did not recommend the payment of final dividend for the year ended 31 December 2009 (2008: 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 as set out in Appendix 14 of the Listing Rules during the Year. None of the directors is aware of any information that would reasonably indicate that the Company was not for any time of the Year in compliance with the code provisions of the Code on Corporate Governance Practice as set out in Appendix 14 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as 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 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 of the Listing Rules during the Year.

AUDIT COMMITTEE OF THE BOARD ("AUDIT COMMITTEE")

The Company established the Audit Committee in accordance with the Listing Rules. The Audit Committee comprises Mr. Choy Sze Chung, Jojo (Chairman of the Audit Committee), Mr. Wu Zhengde and Mr. Li Yuanpeng, all being independent non-executive directors of the Company. The Audit Committee is responsible for matters such as conducting reviews of the internal control and financial reports and has 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 the applicable accounting standards and laws and appropriate disclosure was made.

ANNUAL REPORT AND ANNUAL GENERAL MEETING

The annual general meeting ("AGM") for the Year will be held on Friday, 18 June 2010 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 Group's annual reports for the financial year ended 31 December 2009 and the notice of the AGM will be dispatched 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 19 May 2010 to 18 June 2010 (both dates inclusive), during which period no transfer of shares will be registered.

In order to qualify for attending and voting at the 2009 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 18 May 2010.

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) in due course.

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

Chengdu, the PRC, 26 March 2010

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

Executive Directors:	Mr. Zhang Xiaocheng *(Chairman)*, Mr. Guo Aiqing, Ms. Fu Ruolin, Mr. Chen Ruowei, Mr. Su Wenyu and Mr. Jiang Jianping
Independent Non-executive Directors:	Mr. Choy Sze Chung, Jojo, Mr. Wu Zhengde and Mr. Li Yuanpeng

* *For identification purposes only*