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)

2010 INTERIM RESULTS ANNOUNCEMENT

SUMMARY

- The Group recorded a turnover of RMB250,200,000 for the six months ended 30 June 2010 (the "Period"), representing a decrease of approximately 7.48% as compared to the corresponding period last year.

- During the Period, sales of copper cables and related products amounted to RMB156,952,000, representing a decrease of approximately 16.31% 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 RMB56,354,000, representing an increase of approximately 13.99% as compared to the corresponding period last year. Sales of heat shrinkable joining sleeves and other products by Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant amounted to RMB38,494,000, representing an increase of approximately 1.61% as compared to the corresponding period last year.

- During the Period, loss attributable to the shareholders was RMB8,789,000, as compared to a loss of RMB8,986,000 recorded for the corresponding period last year. Profit attributable to minority shareholders was RMB4,676,000, as compared to RMB5,153,000 for the corresponding period last year.

- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2010.

The board of directors (the "Board") and the directors ("Directors") 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 2010 (the "Period") prepared in accordance with the accounting principles generally accepted in the Hong Kong Special Administrative Region ("Hong Kong") of the People's Republic of China (the "PRC") together with the comparative figures for the corresponding period in 2009 are set out as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Note	**2010** ***RMB'000*** **(Unaudited)**	2009 *RMB'000* (Unaudited)
Turnover	3	**250,200**	270,419
Cost of sales		**(210,506)**	(252,315)
Gross profit		**39,694**	18,104
Other income		**8,582**	11,684
Distribution costs		**(17,758)**	(21,007)
Administrative and other expenses		**(24,866)**	(23,817)
Profit/(loss) from operations		**5,652**	(15,036)
Finance costs	4	**(517)**	(632)
Share of post tax (loss)/profit of associates, net		**(6,763)**	12,720
Loss before income tax	4	**(1,628)**	(2,948)
Income tax expense	5	**(2,485)**	(885)
Loss for the period		**(4,113)**	(3,833)
Attributable to:			
Owners of the Company		**(8,789)**	(8,986)
Non-controlling interests		**4,676**	5,153
Loss for the period		**(4,113)**	(3,833)
		RMB Cents per share	*RMB Cents per share*
Basic loss per share for loss attributable to the owners of the Company	7	**(2.20)**	(2.25)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(4,113)**	(3,833)
Other after tax comprehensive (loss)/income:		
Fair value (loss)/gain on available-for-sale investments	**(7,776)**	8,163
Total comprehensive (loss)/income for the period	**(11,889)**	4,330
Attributable to:		
Owners of the Company	**(16,565)**	(823)
Non-controlling interests	**4,676**	5,153
Total comprehensive (loss)/income for the period	**(11,889)**	4,330

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	Note	**As at 30.06.2010**	As at 31.12.2009
		RMB'000	*RMB'000*
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	**277,291**	283,352
Land use rights	8	**40,396**	40,895
Construction-in-progress		**98,968**	61,497
Interests in associates		**207,789**	214,552
Available-for-sale investments		**17,139**	24,915
Technical know-how		**821**	875
Deferred tax assets		**14,631**	14,897
TOTAL NON-CURRENT ASSETS		**657,035**	640,983
CURRENT ASSETS			
Inventories		**256,786**	258,574
Trade and bills receivables	9	**182,442**	138,930
Prepayments, deposits and other receivables		**53,111**	33,360
Loan advanced to an associate	16	**8,000**	8,000
Amounts due from associates	16	**1,792**	480
Amounts due from related companies	16	**815**	427
Deposits with incumbrance	10	**43,446**	32,358
Bank balances and cash		**294,431**	379,947
		840,823	852,076
Assets classified as held-for-sale	11	**25,050**	25,050
		865,873	877,126

	Note		
LESS:			
CURRENT LIABILITIES			
Trade and bills payables	12	**69,335**	90,701
Other payables and accrued charges		**185,717**	163,848
Deposits for staff quarters		**7,695**	6,493
Amounts due to associates	16	**32,481**	18,508
Amounts due to related companies	16	**15,333**	9,908
Current income tax payable		**2,360**	3,628
Bank and other borrowings - amount due within one year		**15,700**	15,700
		328,621	308,786
NET CURRENT ASSETS		**537,252**	568,340
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,194,287**	1,209,323
NON-CURRENT LIABILITY			
Bank and other borrowings - amount due after one year		**8,931**	10,578
NET ASSETS		**1,185,356**	1,198,745
CAPITAL AND RESERVES			
Share capital	13	**400,000**	400,000
Reserves		**669,364**	685,929
Equity attributable to owners of the Company		**1,069,364**	1,085,929
Non-controlling interests		**115,992**	112,816
TOTAL EQUITY		**1,185,356**	1,198,745

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2010

(UNAUDITED)

	Attributable to owners of the Company								
	Share capital	**Share premium**	**Capital reserve**	**Statutory surplus reserve fund**	**Financial assets valuation reserve**	**Retained earnings**	**Sub-total**	**Non-controlling interests**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
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 consolidated comprehensive income/(loss) for the period	—	—	—	—	8,163	(8,986)	(823)	5,153	4,330
Dividend paid to non-controlling interests	—	—	—	—	—	—	—	(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
At 1 January 2010	400,000	303,272	288,855	53,403	18,859	21,540	1,085,929	112,816	1,198,745
Total consolidated comprehensive (loss)/income for the period	—	—	—	—	(7,776)	(8,789)	(16,565)	4,676	(11,889)
Dividend paid to non-controlling interests	—	—	—	—	—	—	—	(1,500)	(1,500)
At 30 June 2010	400,000	303,272	288,855	53,403	11,083	12,751	1,069,364	115,992	1,185,356

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	**(31,010)**	26,612
Net cash used in investing activities	**(52,489)**	(19,000)
Net cash used in financing activities	**(2,017)**	(5,982)
Net (decrease)/increase in cash and cash equivalents	**(85,516)**	1,630
Cash and cash equivalents at beginning of the period	**379,947**	266,278
Cash and cash equivalents at end of the period	**294,431**	267,908

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 2009 annual financial statements. The interim financial statements thereon do not include all of the information required for a 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 2009.

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

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
Amendments to HKAS 39	Eligible Hedged Items
Amendments to HKFRS 1	Additional Exemptions for First-item Adopters
Amendments to HKFRS 2	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC)-Int 17	Distributions of Non-cash Assets of Owners
Improvements to HKFRSs (2009)	

The amendments to HKAS 39, HKFRS 1, HKFRS 2, and HKAS 27 (revised), HKFRS 3 (revised) and HK(IFRIC)-Int 17 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 Improvements to HKFRSs (2009) do not contain any additional disclosure requirements specifically applicable to these interim financial statements.

3. SEGMENT INFORMATION

Based on the information reported internally to the Group's senior executive management for the purpose of resource allocation and performance assessment, the Group has identified 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 2010 and 2009 is presented below:

	Six months ended 30 June 2010 (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*
REPORTABLE SEGMENT TURNOVER					
External turnover	**155,352**	**56,354**	**38,494**	**—**	**250,200**
Inter-segment turnover	**1,600**	**—**	**—**	**(1,600)**	**—**
Total turnover	**156,952**	**56,354**	**38,494**	**(1,600)**	**250,200**
REPORTABLE SEGMENT RESULTS (ADJUSTED EBITDA)	**3,686**	**15,175**	**2,434**	**(613)**	**20,682**
Unallocated income					**—**
Finance costs					**(517)**
Share of results of associates					**(6,763)**
Depreciation and amortisation					**(13,914)**
Unallocated corporate expense					**(1,116)**
Loss before income tax					**(1,628)**

	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*
REPORTABLE 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
REPORTABLE SEGMENT RESULTS (ADJUSTED EBITDA)	(34,495)	15,969	9,504	—	(9,022)
Gain on disposal of an asset transferred from an associate					6,427
Finance costs					(632)
Share of results of associates					12,720
Depreciation and amortisation					(11,367)
Unallocated corporate expense					(1,074)
Loss before income tax					(2,948)

4. LOSS BEFORE INCOME TAX

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

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
(a) Finance costs:		
Interest on borrowings	**517**	632
(b) Other items:		
Amortisation of technical know-how	**54**	54
Amortisation of land use rights	**499**	499
Depreciation of property, plant and equipment	**13,361**	10,815
Loss on disposal of property, plant and equipment	**3**	—
Reversal of write-down on inventories	**(946)**	(6,496)
Reversal of provision for impairment loss on trade receivables	**(9,875)**	—
Gain on disposal of an asset transferred from an associate *(note i)*	**—**	(6,427)
Interest income	**(2,171)**	(2,368)

Note:

(i) During the six months ended 30 June 2010, 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 a consideration of RMB27,000,000.

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
PRC enterprise income tax:		
— current tax on profits for the period	**2,219**	885
Deferred tax		
— current period	**266**	—
	2,485	885

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

Excepted for 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 2010 (six months ended 30 June 2009: 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 owners of the Company of approximately RMB8,789,000 (six months ended 30 June 2009: loss of approximately RMB8,986,000) and on 400,000,000 shares (six months ended 30 June 2009: 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 30 June 2010 and 2009.

8. PROPERTY, PLANT AND EQUIPMENT AND LAND USE RIGHTS

During the period, the Group spent approximately RMB6,166,000 (six months ended 30 June 2009: RMB13,351,000) 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 period/year end date:

	At 30.6.2010	At 31.12.2009
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 90 days	**122,109**	87,110
91 - 180 days	**17,867**	25,153
181 - 365 days	**27,000**	19,261
Over 365 days	**15,466**	7,406
	182,442	138,930

10. DEPOSITS WITH INCUMBRANCE

	At 30.6.2010	At 31.12.2009
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Pledged deposits *(Note a)*	**38,394**	27,484
Designated deposits *(Note b)*	**5,052**	4,874
	43,446	32,358

Notes:

a. The amounts represent deposits pledged to banks to secure bills facilities granted to the Group. The deposits carry fixed interest rate at 3.00% per annum (2009: 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 (2009: net asset of a subsidiary) to be disposed of within twelve months.

12. TRADE AND BILLS PAYABLES

	At 30.6.2010	At 31.12.2009
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
An aging analysis of trade and bills payables is as follows:		
Within 90 days	**58,578**	83,602
91 - 180 days	**5,997**	1,669
181 - 365 days	**2,799**	2,211
Over 365 days	**1,961**	3,219
	69,335	90,701

13. SHARE CAPITAL

	At 30.6.2010	31.12.2009
	(Unaudited)	(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 period/year date, the Group had the following capital commitments:

	At 30.6.2010	At 31.12.2009
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Contracted but not provided for:		
— Construction of new plant	**31,978**	48,323
Approved but not contracted for:		
— Construction of new plant	**55,759**	80,000

15. PLEDGE OF ASSETS

At the period/year end date, the Group pledged the following assets to banks as security for general banking facilities granted to the Group:

	At 30.6.2010	At 31.12.2009
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Bank deposits	**38,394**	27,484

16. RELATED PARTY TRANSACTIONS AND BALANCES

(a) During the six months ended 30 June 2010 and 2009 the Group entered into the following transactions with related parties:

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Ultimate holding company and fellow subsidiaries:		
— Sales of finished goods	**1,251**	—
— Rental income	**—**	2,387
— Management fee income	**—**	60
Associates:		
— Sales of finished goods	**1,925**	1,596
— Sub-contracting fee income	**3,745**	—
— Purchases of raw materials	**352**	44,170
— Technology transfer fee expense	**—**	67

(b) The balances with associates and related companies are unsecured and repayable on demand. Excepted for the loan of RMB8,000,000 advanced to an associate, which carries interest at 10% per annum, all other balances with associates and related companies are interest-fee.

INTERIM DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2010 (six months ended 30 June 2009: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Analysis of the results

During the Period, the Group was 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 RMB250,200,000, representing a decrease of approximately 7.48% from RMB270,419,000 in the corresponding period last year. Among others, the turnover of copper cables and related products was RMB156,952,000, representing a decrease of approximately 16.31% from the corresponding period last year. The turnover of optical fibres amounted to RMB56,354,000 , representing an increase of approximately 13.99% as compared with the corresponding period last year. The turnover of cable joining sleeves was RMB38,494,000, representing an increase of around 1.61% over the corresponding period last year. The loss attributable to shareholders of the Company for the Period was RMB8,789,000 as compared to the loss attributable to shareholders of the Company as at 30 June 2009 of RMB8,986,000.

Major Reasons for Loss from Principal Operations:

1. Sharp shrink of plastic urban telephone cables market and considerable limitations of the market;

2. New product projects were still at initial stage and yet to generate considerable revenue to the Company.

(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. *Standardizing internal control to enhance risk control*

   We have raised our risk prevention awareness and incorporated the requirements of risk control and internal control into the whole process of management. Relevant risk management system was formulated and optimised based on the integrated framework of enterprise risk management. We have raised awareness of risk identification and precaution, carried out scientific forecast analysis on risks and performed risk assessment on strategic decisions. Authorization management has also been improved to enhance control of the signing and execution of contract. Besides, the plan to build corporate legal system has been implemented, with an aim to establishing a legal risk prevention mechanism at a preliminary stage, and advocating legal reviews on material decisions, rules and regulations and contracts.

2. *Enhancing marketing efforts*

   We put more efforts in market development and devoted more resources on the target markets for the two new products. We also enriched the sales team and built a sales platform for the new products while exploring new marketing approach and keeping abreast of market development. Efforts were also made to improve the calibre of sales staff and improve the incentive mechanism to fully arouse their initiatives. In the meanwhile, we strove to cement the market of traditional copper cable products. The sales volume of plastic cables, programme-controlled cables and data cables has been maintained at a reasonable level through market segmentation and adoption of a marketing mix strategy. We actively developed a new mode to cope with the change in plastic products market, so as to reduce the adverse impact due to depressed demand.

3. *Accelerate the development of information technology*

We have established the integrated management information system (IMIS) , through which collaboration and contract management were enhanced to standardize procedures and improve efficiency. As such, the consumption of office supplies was also substantially reduced.

4. *Achieving breakthrough in new product project*

Railway Vehicle Cables Products

We have not only started to sell the products to major locomotive manufacturers in the PRC, but also expanded market coverage and product range step by step. In addition, we initiated research and development of new-model electric equipment cables. Furthermore, efforts have also been made in optimization of ancillary equipment and construction and installation of plants for such products.

Ultrafine Coaxial Cables Project

Market exploration has been going on smoothly, and supplier certification and trial supply in small quantity have been underway.

(3) Financial analysis

As at 30 June 2010, the Group's total assets amounted to RMB1,522,908,000, representing an increase of around 0.32% from RMB1,518,109,000 as at the end of last year, of which the total non-current assets amounted to RMB657,035,000, accounting for approximately 43.14% of the total assets value and representing an increase of approximately 2.50% from RMB640,983,000 as at the end of last year. The Group's total current assets amounted to RMB865,873,000 as at 30 June 2010, accounting for approximately 56.86% of total assets value and representing a decrease of approximately 1.28% from RMB877,126,000 as at the end of last year.

The net cash outflow from operating activities of the Group during the Period amounted to RMB31,010,000 while the net cash inflow for the corresponding period last year was RMB26,612,000.

As at 30 June 2010, the Group's bank balances and cash (including incumbranced deposits) amounted to RMB337,877,000, representing a decrease of around 18.05% from RMB412,305,000 as at the end of last year.

As at 30 June 2010, the Group's total liabilities amounted to RMB337,552,000 (as at 31 December 2009: RMB319,364,000). The liability to asset ratio was 22.16%, representing an increase of approximately 5.32% as compared to 21.04% as at the end of last year. Bank and other borrowings due within one year amounted to RMB15,700,000.

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 RMB17,758,000, RMB24,866,000 and RMB517,000 respectively, representing a decrease of 15.47%, an increase of 4.40% and a decrease of 18.20% from RMB21,007,000, RMB23,817,000 and RMB632,000 respectively in the corresponding period last year.

During the Period, the average gross profit margin of the Group was approximately 15.86%, representing an increase of around 137.07% from 6.69% in the corresponding period last year.

During the Period, the trade and bill receivables and inventories of the Group amounted to RMB182,442,000 and RMB256,786,000 respectively, representing an increase of approximately 31.32% and a decrease of approximately 0.69% respectively from RMB138,930,000 and RMB258,574,000 respectively as at the end of last year.

1. *Analysis of liquidity*

As at 30 June 2010, the Group's current ratio and quick ratio were 263.49% and185.35% respectively.

2. *Analysis of financial resources*

As at 30 June 2010, the total of the Group's short-term bank loans and other short-term loans amounted to RMB15,700,000. The Group has adequate bank deposits and cash of RMB294,431,000, thus, the Group's risk in short-term repayment is low.

As at 30 June 2010, the Group's balance of a long-term loan for the purchase of accelerators from France amounted to approximately RMB8,931,000 (equivalent to Euro1,079,000). Interest rate of the French government secured bank loans was 0.5% per annum. The euro loan is exposed to certain exchange rate risks due to the fluctuation of USD's exchange rate in the international market. The long-term loan 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 shares issued 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 optimise 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. 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 systemised by the Company.

3. *Speed up scale operation of new products*

   Ancillary facilities for new products and personnel training will be improved and detailed development plan thereof is to be formulated.

OVERDUE TIME DEPOSITS

As at 30 June 2010, 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 Seventh National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("New Tax Law") which has become effective on 1 January 2008. As a result of the New Tax Law, the statutory Enterprise Income Tax ("EIT") rate adopted by 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. In 2009, the Group, except for Gaoxin Cable, was once again recognised as technologically advanced enterprises and 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 no provision was made for income tax.

STAFF AND REMUNERATION POLICY OF THE GROUP

As at 30 June 2010, the Group had 1,130 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.

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.

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 2010 of the Group.

The Audit Committee considered that the interim consolidated financial statements and interim report for the six months ended 30 June 2010 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the”Listing Rules”) during the Period. The Company periodically reviews its corporate governance practices to announce its continuous compliance with the code and the Listing Rules. 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 requirement of the Code.

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

During the Period, 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, the Board is pleased to confirm that all Directors 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, 20 August 2010

As at the date of this announcement, the Board 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*