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 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 2010 (the "**Year**") together with comparative figures for the corresponding period of 2009 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 RMB'000	2009 RMB'000
Turnover	3	**515,758**	571,340
Cost of sales		**(449,415)**	(500,593)
Gross profit		**66,343**	70,747
Other revenue	4	**15,049**	8,379
Other income	4	**12,177**	19,319
Distribution costs		**(41,077)**	(49,374)
Administrative expenses		**(91,880)**	(67,273)
Operating loss	5	**(39,388)**	(18,202)
Finance costs	6	**(1,481)**	(1,093)
Gain on disposal of a subsidiary	7	**156,378**	—
Share of results of associates		**(5,631)**	27,152
Profit before income tax		**109,878**	7,857
Income tax expense	8	**(806)**	(5,799)
Profit for the year		**109,072**	2,058

CONSOLIDATED INCOME STATEMENT *(CONTINUED)*
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	**2010** **RMB'000**	2009 RMB'000
Profit/(loss) for the year attributable to:-			
Owners of the Company		**103,262**	(9,259)
Non-controlling interests		**5,810**	11,317
		109,072	2,058
		RMB Cents	*RMB Cents*
Basic earnings/(loss) per share for profit/(loss) attributable to the owners of the Company	9	**26**	(2)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	**2010** **RMB'000**	2009 RMB'000
Profit for the year		**109,072**	2,058
Other comprehensive income, net of tax:-			
Fair value (loss)/gain on available-for-sale investments	10	**(3,765)**	14,662
Total comprehensive income for the year		**105,307**	16,720
Total comprehensive income attributable to:-			
Owners of the Company		**99,497**	5,403
Non-controlling interests		**5,810**	11,317
		105,307	16,720

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2010

	Note	2010 RMB'000	2009 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**308,108**	283,352
Land use rights		**39,897**	40,895
Construction-in-progress		**118,844**	61,497
Interests in associates		**209,346**	214,552
Available-for-sale investments		**20,485**	24,915
Technical know-how		**768**	875
Deferred tax assets		**19,010**	14,897
		716,458	640,983
CURRENT ASSETS			
Inventories		**229,396**	258,574
Trade and bills receivables	11	**155,035**	138,930
Prepayments, deposits and other receivables		**107,505**	33,360
Loan advanced to an associate		**8,000**	8,000
Amounts due from associates		**472**	480
Amounts due from related companies		**869**	427
Deposits with incumbrance		**25,543**	32,358
Bank balances and cash		**263,596**	379,947
		790,416	852,076
Assets classified as held for sale		**8,473**	25,050
		798,889	877,126

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

AT 31 DECEMBER 2010

	Note	**2010**	2009
		RMB'000	*RMB'000*
LESS:			
CURRENT LIABILITIES			
Trade and bills payables	12	**63,037**	90,701
Other payables and accrued charges		**117,178**	163,848
Deposits for staff quarters		**6,410**	6,493
Amounts due to associates		**16,641**	18,508
Amounts due to related companies		**8,892**	9,908
Current income tax payable		**3,762**	3,628
Bank and other borrowings — amount due within one year		**15,700**	15,700
		231,620	308,786
NET CURRENT ASSETS		**567,269**	568,340
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,283,727**	1,209,323
NON-CURRENT LIABILITY			
Bank and other borrowings — amount due after one year		**9,509**	10,578
NET ASSETS		**1,274,218**	1,198,745
REPRESENTING:-			
CAPITAL AND RESERVES			
Share capital		**400,000**	400,000
Reserves		**785,426**	685,929
Equity attributable to the owners of the Company		**1,185,426**	1,085,929
Non-controlling interests		**88,792**	112,816
TOTAL EQUITY		**1,274,218**	1,198,745

Notes:

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" or "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 ("Stock Exchange").

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

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

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

2. BASIS OF PREPARATION

(a) Compliance with Hong Kong Financial Reporting Standards

This financial information is extracted from the financial statements which have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as "Hong Kong Financial Reporting Standards") issued by the Hong Kong Institute of Certified Public Accountants .

2. BASIS OF PREPARATION *(CONTINUED)*

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

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

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HK Int-5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HKFRSs	Improvements to HKFRSs (2009)

The initial application of these new and revised Hong Kong Financial Reporting Standards does not necessitate material changes in the Group's accounting policies or retrospective adjustments of the comparatives presented.

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

The following Hong Kong Financial Reporting Standards in issue at 31 December 2010 have not been applied in the preparation of these consolidated financial information for the year then ended since they were not yet effective for the annual period beginning on 1 January 2010:-

HKAS 24 (Revised)	Related Party Disclosures[3]
HKFRS 9	Financial Instruments[6]
HK(IFRIC) Int-19	Extinguishing Financial Liabilities with Equity Instruments[2]
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets[5]
Amendment to HKAS 32	Classification of Rights Issues[1]
Amendment to HKFRS 7	Disclosures - Transfers of Financial Assets[4]
Amendments to HK(IFRIC) Int-14	Prepayments of a Minimum Funding Requirement[3]
Improvements to HKFRSs 2010[7]	

2. BASIS OF PREPARATION *(CONTINUED)*

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

[1] Effective for annual periods beginning on or after 1 February 2010

[2] Effective for annual periods beginning on or after 1 July 2010

[3] Effective for annual periods beginning on or after 1 January 2011

[4] Effective for annual periods beginning on or after 1 July 2011

[5] Effective for annual periods beginning on or after 1 January 2012

[6] Effective for annual periods beginning on or after 1 January, 2013

[7] Amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34, HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 and amendments to HKFRS 3, HKAS 21, HKAS 28, HKAS 31, HKAS 32, HKAS 39 are effective for annual periods beginning on or after 1 July 2010

The Group made 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.

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.

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 cables and related products

2. Optical fibres and related products

3. SEGMENT INFORMATION *(CONTINUED)*

3. Cable joining sleeves and related products

Segment assets include all tangible, intangible assets and current assets with the exception of interests in associates, deferred tax assets and other corporate assets. Segment liabilities include trade payables, 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 result is “adjusted EBITDA” i.e. adjusted earnings before interest expenses, 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 auditors’ 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.

3. SEGMENT INFORMATION *(CONTINUED)*

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 2010 and 2009:-

	For the year ended 31 December 2010				
	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	316,551	106,454	92,753	—	515,758
Inter-segment turnover	7,257	—	485	(7,742)	—
Total turnover	323,808	106,454	93,238	(7,742)	515,758
REPORTABLE SEGMENT RESULTS (ADJUSTED EBITDA)	(34,502)	20,002	8,007		(6,493)
Gain on disposal of a subsidiary					156,378
Depreciation and amortisation					(28,387)
Share of results of associates					(5,631)
Finance costs					(1,481)
Unallocated corporate expense					(4,508)
Profit before income tax					109,878

3. SEGMENT INFORMATION *(CONTINUED)*

Segments assets and liabilities

	As at 31 December 2010			
	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	828,786	137,416	207,988	1,174,190
Interests in associates				209,346
Available-for-sale investments				20,485
Deferred tax assets				19,010
Receivable for disposal of a subsidiary				50,300
Loan advanced to an associate				8,000
Deposits with incumbrance				25,543
Assets classified as held for sale				8,473
Consolidated total assets				1,515,347
LIABILITIES				
Segment liabilities	94,791	16,127	101,240	212,158
Current income tax payable				3,762
Borrowings				25,209
Consolidated total liabilities				241,129

3. SEGMENT INFORMATION *(CONTINUED)*

Segments assets and liabilities *(Continued)*

	As at 31 December 2010			
	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*
Other segment information				
Capital expenditure	49,716	10,721	53,207	113,644
Depreciation and amortisation	22,180	5,036	1,171	28,387
Interest income	(4,381)	(1,445)	(228)	(6,054)
Interest expense	1,173	—	—	1,173
Loss on disposals of property, plant and equipment	167	32	—	199
(Reversal of)/provision for impairment loss on trade receivables	(12,092)	—	1,442	(10,650)
Provision for impairment loss on other receivables	2,703	—	—	2,703
Write-down on inventories	19,104	—	329	19,433
Income tax (credit)/expense	(3,115)	2,585	1,336	806

3. SEGMENT INFORMATION *(CONTINUED)*

Segment revenues and results

	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

3. SEGMENT INFORMATION *(CONTINUED)*

Segment revenues and results *(Continued)*

	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 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

3. SEGMENT INFORMATION *(CONTINUED)*

Segments assets and liabilities

	As 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				
Segment assets	925,780	111,619	160,938	1,198,337
Interests in associates				214,552
Available-for-sale 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
				1,518,109

3. SEGMENT INFORMATION *(CONTINUED)*

Segments assets and liabilities *(Continued)*

	As 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*
LIABILITIES				
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	(4,809)	(1,240)	(451)	(6,500)
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 impairment loss on other receivables	(1,531)	—	—	(1,531)
Reversal of write-down on inventories	(11,337)	—	—	(11,337)
Income tax (credit)/expense	(410)	3,679	2,530	5,799

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 REVENUE AND OTHER INCOME

	2010	2009
	RMB'000	*RMB'000*
Other revenue		
Interest income	**6,054**	6,500
Rental income	**1,021**	608
Government subsidy income *(note (a))*	**1,223**	1,011
Consultancy fee income	**3,765**	—
Sale of scrap materials	**2,986**	260
	15,049	8,379
Other income		
Net exchange gain	**1,046**	—
Gain on disposal of an asset transferred from an associate	**—**	6,427
Gain on disposals of property, plant and equipment	**—**	12
Bad debt recovered	**116**	—
Reversal of impairment loss on trade receivables	**10,650**	—
Reversal of write-down on inventories	**—**	11,337
Reversal of impairment loss on other receivables	**—**	1,531
Sundry	**365**	12
	12,177	19,319

Note:-

(a) Government subsidy income represents funds granted to subsidize the Company's research and development activities in 2010. (2009: A one-off unconditional subsidy from local government for the interruption to production in the 2008 earthquake and the difficulties of economic crisis that the Company encountered in 2009.)

5. OPERATING LOSS

	2010	2009
	RMB'000	*RMB'000*
Operating loss has been arrived at after charging:-		
Auditor's remuneration	**1,050**	1,050
Amortisation of technical know-how	**107**	107
Amortisation of land use rights	**998**	997
Depreciation on property, plant and equipment	**27,282**	21,435
Loss on disposal of property, plant and equipment	**199**	—
Provision of impairment loss on trade receivables	**—**	1,398
Provision of impairment loss on other receivables	**2,703**	—
Provision for write-down on inventories	**19,433**	—
Net exchange loss	**—**	218
Staff costs		
— Salaries and allowances	**38,729**	40,882
— Defined contribution scheme contributions	**10,298**	9,740

6. FINANCE COSTS

	2010	2009
	RMB'000	*RMB'000*
Interest on bank and other borrowings wholly repayable within five years	**1,126**	715
Interest on bank borrowings not wholly repayable within five years	**47**	38
Other bank charges	**308**	340
	1,481	1,093

7. DISPOSAL OF A SUBSIDIARY

On 13 January 2008, the Company entered into an agreement to transfer all its equity interest in a non-wholly owned subsidiary, Dongguan CDC Cable Factory ("Dongguan CDC"), for a consideration of RMB124,000,000 (the "Disposal"). Details of this Disposal had been set out in the Company's circular date 2 February 2008.

The Disposal was completed during the year. Up to 31 December 2010, the Company has received RMB73,700,000 and the balance of RMB50,300,000 is still outstanding up to the date of this announcement.

The net assets of Dongguan CDC disposed of were as follows:-

	2010
	RMB'000
Net assets disposed of:-	
Property, plant and equipment	11,672
Land use right	1,062
Other receivables	3,337
Amount due from immediate holding company	52,713
Amount due to immediate holding company	(20,270)
Non-controlling interest	(28,334)
Net assets disposed of	20,180
Direct expenses incurred	155
Waiver of amount due from immediate holding company	(52,713)
	(32,378)
Gain on disposal	156,378
Total consideration	124,000
Net cash inflow arising on disposal:-	
Cash received	73,700
Direct expenses incurred	(155)
	73,545

8. INCOME TAX EXPENSE

	2010	2009
	RMB'000	*RMB'000*
PRC enterprise income tax:-		
— provision for the year	**4,254**	6,015
— over-provision in prior years	**—**	(3,345)
	4,254	2,670
Deferred taxation	**(3,448)**	3,129
	806	5,799

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group's income neither arises in, nor is derived from, Hong Kong for the two years ended 31 December 2010.

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 related authorities in 2008, the Group, excepted for Gaoxin, continues to enjoy the preferential tax rate of 15% for the three years ended 31 December 2010.

Gaoxin did not enjoy preferential policy in the form of reduced tax rate and EIT is provided at the rate of 25% for the year ended 31 December 2010.

8. INCOME TAX EXPENSE *(CONTINUED)*

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

	2010	2009
	RMB'000	*RMB'000*
Profit before tax	**109,878**	7,857
Tax at applicable tax rate of 25% (2009: 25%)	**27,470**	1,964
Tax effect of share of results of associates	**1,408**	(6,788)
Tax effect of income not subject to tax	**(51,997)**	(1,860)
Tax effect of expenses not deductible for tax purpose	**30,587**	19,848
Over-provision in prior years	**—**	(3,345)
Effect of preferential tax rate	**(6,662)**	(4,020)
Income tax expense for the year	**806**	5,799

9. BASIC EARNINGS / (LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the Group's profit/(loss) attributable to the owners of the Company of approximately RMB103,262,000 (2009: loss of approximately RMB9,259,000) and based on weighted average number of 400,000,000 (2009: 400,000,000) shares for the purpose of basic earnings/(loss) per share.

Diluted earnings/(loss) per share are not presented as there were no dilutive shares outstanding during the two years ended 31 December 2010.

10. OTHER COMPREHENSIVE INCOME

Tax effects relating to other comprehensive income are as follows:-

	2010			2009		
	Before tax amount	**Tax expense**	**Net-of-tax amount**	Before Tax amount	Tax expense	Net-of-tax amount
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
Available-for-sale investments: net movement in fair value reserve	**(4,430)**	**665**	**(3,765)**	17,990	(3,328)	14,662
Other comprehensive income	**(4,430)**	**665**	**(3,765)**	17,990	(3,328)	14,662

11. TRADE AND BILLS RECEIVABLES

	2010	2009
	RMB'000	*RMB'000*
Trade and bills receivables	**203,022**	197,567
Less: Allowance for bad and doubtful debts	**(47,987)**	(58,637)
	155,035	138,930

11. TRADE AND BILLS RECEIVABLES *(CONTINUED)*

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.

	2010	2009
	RMB'000	*RMB'000*
Within 90 days	**97,311**	87,110
91 - 180 days	**20,457**	25,153
181 - 365 days	**16,644**	19,261
Over 365 days	**20,623**	7,406
	155,035	138,930

12. TRADE AND BILLS PAYABLES

	2010	2009
	RMB'000	*RMB'000*
An ageing analysis of trade and bills payables is as follows:-		
Within 90 days	**58,356**	83,602
91 - 180 days	**1,165**	1,669
181 - 365 days	**1,543**	2,211
Over 365 days	**1,973**	3,219
	63,037	90,701

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

During the Year, the main products of the Group are various types of telecommunication cables, optical fibres and cable joining sleeves.

EXPLANATION FOR BUSINESS RESULTS

During the Year, the replacement of copper cables by optical fibres had a ripple effect on the Group's plastic urban telephone cables, leading to continued decrease in sales and a lower profit margin for these products. Due to the market changes and cost control ability, the production and sales volumes of program controlled cables stayed at lower level and the profit margin also declined to a large extent. The production and sales volumes of data cables were insufficient due to the limitations in equipment and market development. In addition, both the electrical equipment cable and ultra fine electronic wire and component projects failed to achieve their expected returns. In this connection, the Company will step up its efforts in accelerating the maturity of new products under its business transformation scheme, so as to minimise the effects of the decrease in turnover due to the shrinking demand for copper cables and related products, and bring new profit growth points for the Company.

REVIEW OF PRINCIPAL BUSINESS

1. *Improving operating standards through enhanced fundamental management*

   We have strengthened strategic management and completed our formulation of the "12th Five Year Plan". According to this plan, in next five years, we will be dedicated to cultivating one principal business (information and energy transmission lines) with great care, developing and enhancing two key capabilities (processing of irradiation and cable components) and fostering three major business segments, thus fundamentally establishing our tripartite business structure.

   We enhanced financial budget management and improved the systems relating to centralized financial management, including appointment system for financial officers, centralized capital management system, management measures on bulletins and financial statements and management measures on corporate financing.

REVIEW OF PRINCIPAL BUSINESS *(CONTINUED)*

1. *Improving operating standards through enhanced fundamental management (Continued)*

   We promoted refined management through information-based management and fully embarked on cooperative office system and the contract management information system which are part of our Integrated Management Information Systems (IMIS).

   We enhanced legal efforts and internal control. The formulation of significant decisions, important rules and regulations and material contracts is required to seek written advice from our legal advisors. By way of legal review, legal risks have been avoided or minimised and our risk management capabilities have been improved.

   We made practical efforts to enhance marketing. We continued to adjust our sales platform with an aim to achieve satisfactory sales through market segmentation.

   We continued to promote and improve human resources management. To accommodate the development and research and production of new products, we increased our efforts in recruitment with a focus on professional technicians. In addition, we recruited production operators through multiple channels such as human resources markets, community recruitment and cooperation with technical schools and colleges. thus ensuring a satisfactory deployment and recruitment of various types of human resources.

2. *Mixed performance in new product development*

   Electrical equipment cable project

   Phase I of our production expansion project progressed as scheduled and the main construction work of electron accelerator project was completed at the end of December 2010.

   We pushed ahead with development of other cables of the product line in an orderly manner with photovoltaic cables signing off its sample delivery stage. In addition, we have made an application for the license for electricity cables and completed the selection of materials for wind power cables with preparation underway for production of the sample products.

2. *Mixed performance in new product development (Continued)*

Ultra fine electronic wire and component

The construction of component processing facilities proceeded smoothly. Two newly-acquired production lines for wire harness components completed commissioning and were put into operation. In addition, the amendments to the full sets of technical documents and management documents were completed and we have passed the audit on quality, environment and occupational health and safety management systems by a third party certification organization.

FINANCIAL ANALYSIS

Turnover

During the Year, the turnover of the Group amounted to approximately RMB515,758,000, a decrease of 9.73% as compared to approximately RMB571,340,000 for the year ended 31 December 2009 (the "Previous Year").

During the Year, the turnover of copper cables was approximately RMB323,808,000, a decrease of 15.33% 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 RMB106,454,000; Chengdu Shuangliu Heat Shrinkable Products Plant ("Shuangliu Heat Shrinkable"), a company in which the Company owns 66.7% equity interest, recorded a turnover of heat shrinkable joining sleeves of approximately RMB93,238,000.

Profit attributable to equity holders of the Company

The net profit attributable to equity holders of the Company for the Year amounted to approximately RMB103,262,000, while a loss of approximately RMB9,259,000 was attributable to equity holders of the Company for the Previous Year.

RESULTS ANALYSIS

As at 31 December 2010, the Group's total assets were approximately RMB1,515,347,000, representing a decrease of 0.18% as compared with approximately RMB1,518,109,000 as at the end of Previous Year. Current assets amounted to approximately RMB798,889,000, accounting for 52.72% of the total assets and representing a decrease of 8.92% as compared with approximately RMB877,126,000 as at the end of Previous Year. Property, plant and equipment totalled approximately RMB308,108,000, accounting for 20.33% of the total assets and representing an increase of 8.74% as compared with approximately RMB283,352,000 as at the end of Previous Year, which was mainly attributable to the increased investment in newly-built projects of the Company.

As at 31 December 2010, the Group's total liabilities amounted to approximately RMB241,129,000; liability-to-asset ratio was 15.91%; bank and other short-term loans were approximately RMB15,700,000, remaining unchanged as compared with approximately RMB15,700,000 as at the end of Previous Year. During the Year, the Group did not arrange other capital raising activities.

As at 31 December 2010, the Group's bank deposits and cash totalled approximately RMB289,139,000, representing a decrease of 29.87% as compared with RMB412,305,000 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 RMB41,077,000, RMB91,880,000 and RMB1,481,000 respectively, representing a decrease of 16.80%, an increase of 36.58% and an increase of 35.50% respectively as compared with approximately RMB49,374,000, RMB67,273,000 and RMB1,093,000 respectively in Previous Year.

As at 31 December 2010, the Group's trade and bill receivables and inventories amounted to approximately RMB155,035,000 and RMB229,396,000 respectively, representing an increase of 11.59% and a decrease of 11.28% respectively as compared with approximately RMB138,930,000 and RMB258,574,000 respectively as at the end of Previous Year.

Analysis of Capital Liquidity

As at 31 December 2010, the Group's current assets amounted to approximately RMB798,889,000 (2009: RMB877,126,000), current liabilities were approximately RMB231,620,000 (2009: RMB308,786,000), the annual receivables turnover period was 108 days and the annual inventory turnover period was 195 days. The above data indicates that the Group has strong solvency but its liquidity ability and management are yet to be improved. (Note: deposit, trade and bill receivables are expressed in net value).

Analysis of Financial Resources

As at 31 December 2010, 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 RMB263,596,000, therefore, the Group does not have short-term solvency risk.

Non-current Liabilities or Loan

As at 31 December 2010, the outstanding amount of the Group's long-term loan incurred as a result of the purchase of a French accelerator was approximately RMB9,509,000 (equivalent to approximately EURO1,078,000), which is a French government guaranteed bank loan at an interest rate of 0.5% per annum. The loan denominated in Euro is subject to exchange rate risks resulting from fluctuations of the exchange rate in the international foreign exchange market. This long-term loan is installment 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.

RESULTS ANALYSIS *(CONTINUED)*

Liquidity and Source of Funds

The Group's net cash outflow from operating activities amounted to approximately RMB88,072,000 during the Year (2009: net cash inflow of approximately RMB97,930,000).

During the Year, the Group spent approximately RMB9,007,000 (2009: RMB11,943,000) and approximately RMB104,637,000 (2009: RMB68,747,000) respectively on purchases of property, plant and equipment and on construction-in-progress.

As at 31 December 2010, the Group's total liabilities and non-controlling interests amounted to approximately RMB329,921,000 (2009: RMB432,180,000). The Group's interest expenses were approximately RMB1,173,000 for the Year (2009: RMB753,000).

Contingent Liabilities

As at 31 December 2010, the Group did not have any contingent liabilities (2009: Nil).

BUSINESS OUTLOOK

1. **Guided by the development plan, we will continue progress in product structure adjustment**

   Cultivate principal business (information and energy transmission line), build up and reinforce two major capacities (irradiation and cable component processing) and foster three major business segments, thus fundamentally establishing our tripartite business structure and becoming a leading integrated manufacturer in the industry.

   Our telecommunications cable and accessory business will experience a mix of advance and retreat. On one hand, we will rely on self-blood-producing capacity to expand the scale of optical communication product where we have advantage and which is of long life span; on the other hand, as supported by shareholders and the government, we will curtail or retreat from our copper cables business where losses were incurred.

   In power distribution sector (micro-cycle), we will concentrate resources of the Company to expand the high-end electrical equipment product line featuring the cross linked (sulphide) polyolefin insulation locomotive cable.

BUSINESS OUTLOOK *(CONTINUED)*

1. **Guided by the development plan, we will continue progress in product structure adjustment** *(Continued)*

   In electronics application sector, through external cooperation, we aspire to achieve unusual extraordinary development of high-end electronic wire and component ultra fine coaxial cable and component and ultra fine electronic wire.

2. **We are to deeply proceed with refined management to improve development quality**

   With cost control as a focus, we will enhance financial control capacity

   We will strive to improve the achievement rate of key budget targets, intensify budget process management and KPI execution monitoring. Cost management and control over all employees and the entire production process are to be applied. Cost indicators will be dissembled to every department and every step of production. Cost analysis conference will be held every quarter. More efforts will be put in improving the efficiency of fund use, asset management, asset and accounts verification and recovery of arrears. The debt collection office of the Company will step up its efforts in debts collection.

   Enhance investment management, implement all-round risk control

   We are to enhance investment management of R&D, infrastructure, tech renovation and other projects, concretely execute feasibility study, implementation process tracking and subsequent assessment to improve investment returns. We will carry out all-around risk assessment. Any exceptional matters and risk exposures discovered in the assessment shall be timely rectified. Corporate general legal consultant system will be established and optimized under which legal review will be applied toward important system, contract and decisions, so as to effectively control legal risks.

2. We are to deeply proceed with refined management to improve development quality *(Continued)*

Innovative human resources management method with be applied to provide support for our healthy development

We will improve existing remuneration system and performance appraisal method and increase income level of our staff. We are to explore and establish normal growth mechanism for staff income, and foster a positive environment for training, recruiting, fostering and utilizing talents. We will pay due attention to recruiting professionals for key projects and more efforts are to be made in staff deployment, so that their talents could be brought into full play and their enthusiasm could be maximized.

Training will be intensified with a view to improve training quality and results. We strive to upgrade the professional technical capacity of our technicians, managers, marketing personnel and key operating personnel with a view to provide strong support and guarantee for the completion of production and operation tasks as well as development of key products.

More efforts will be put in leader team building, with an emphasis on the team work spirit that views the overall benefit of the Company as the ultimate mission, and continuous improvements to the capacity of our leaders in execution, innovation, problem solving and control of complicated situation.

2. We are to deeply proceed with refined management to improve development quality *(Continued)*

Implement production safety and enhance quality control

In adhering to the philosophy that "production safety is paramount", we will apply production safety accountability system to effectively enhance production safety management and build a safety system featuring "unified leadership, level-by-level responsibility, every one's participation and common supervision". We are to further implement regulations and measures in relation to production safety so as to establish and continuously improve a self-disciplined long-term mechanism for production safety. The production site 6S management will be strengthened and daily operation control measures will be intensified. We will put in place effective measures to remove potential safety risks and eliminate any major and very serious accidents. We will earnestly implement energy saving and emission reduction and actively perform social responsibility to facilitate a harmonious and healthy corporate development. The construction of three systems including quality, environment and occupational health and safety will be enhanced. Specifically, we will optimize quality accountability system, exert strict control of quality and step up efforts in quality indicator assessment. Excellence performance management will be initially introduced to improve product quality and customer satisfaction.

Insist centralised procurement, enhance construction of information technology and improve comprehensive management practice

We will continue with centralised and standardised procurement management to enhance communication and information sharing in purchase. This practice will also cover the purchase made at research and development stage, so as to effectively control material cost and realise multi-channel supply. We will keep close watch on raw material market price. With accurate judgment based on information collection and analysis, we will realign our procurement policy to reduce risk.

BUSINESS OUTLOOK *(CONTINUED)*

2. We are to deeply proceed with refined management to improve development quality *(Continued)*

Insist centralised procurement, enhance construction of information technology and improve comprehensive management practice (Continued)

We will continue construction of information technology and make full use of the existing Integrated Management Information Systems and contract management system to improve work efficiency. On the basis of system platform, we are to regulate management process and improve management quality. In particular, we will use the contract management system to regulate our economic contracts so that each stages involved in a contract (from drafting, review and approval to execution and assessment) shall be reflected in this system, so as to realize the target to promote standardized management by information technology.

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 2010, a total of prepaid deposits of approximately RMB7,873,000 was received from the employees in this programme. When the fund raising programme for construction of staff quarters is completed, the Group will sell all of 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 RMB1,691,208.27 in the Year (2009: RMB1,345,000). 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 Tenth National People's Congress promulgated the New Tax Law, which became effective on 1 January 2008. With the passing of the New Tax Law, applicable statutory EIT rate of the companies under the Group was changed from 33% to 25% commencing from 1 January 2008.

With the exception of Gaoxin, 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 enjoy the preferential tax rate of 15% up to year ended 31 December 2007. In 2008, the Group was again recognised as a technologically advanced enterprise and continued to enjoy the preferential tax rate for three years ended 31 December 2010.

Gaoxin was not entitled to the preferential tax rate in the Year and EIT was provided at the rate of 25% for the year ended 31 December 2010.

PLEDGE OF ASSETS

During the Year, owing to sufficient working capital for production and operation, the Group did not obtain any new loan from banks which was secured by the Group's assets (2009: the Group did not obtain any loan 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, financial instruments and changes in interest rates, foreign exchange rates and inflation.

RISKS RELATING TO COPPER PRICES AND OTHER COMMODITIES PRICES

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.

CREDIT RISK

The Group manages credit risk by setting up credit control policy and periodic evaluation of credit performance of other parties, measured by the extent of past due or default and their financial healthiness.

The Group performs ongoing credit evaluations of each of its customers and adjusts credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of its current credit information.

The Group continuously monitors collections and payments from its customers and maintains a provision for estimated impairment for credit loss based upon its historical experience and any specific customer collection issues that it has identified. Impairment for trade receivables has historically been within the Group's expectation and the Group will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses. The Group did not held any collateral from its customers.

The Group has no significant concentration of credit risk, with exposure spread over a number of financial institutions and customers.

The Board considered that the credit risk from deposits and bank balances is minimal as the balances are placed with financial institutions with high credit ratings and are state-owned banks with good reputation.

The Group does not provide any guarantees to third parties which would expose the Group to credit risks.

LIQUIDITY RISK

In managing of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank and other borrowings.

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 prices, 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 minimize such risks.

SHAREHOLDING AND CHANGE IN SHARE CAPITAL STRUCTURE

1. Share capital structure

During the year ended 31 December 2010, 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 2010, none of the directors, supervisors and chief executives of the Company nor their associates had any interests or 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 (the "Listing Rules").

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

For the year ended 31 December 2010, 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 2010, the Group did not issue any convertible securities, share options, warrants or relevant entitlements.

SHAREHOLDING AND CHANGE IN SHARE CAPITAL STRUCTURE *(CONTINUED)*

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 2010 and as at the date of this announcement.

FINAL DIVIDEND

The Board did not recommend the payment of final dividend for the year ended 31 December 2010 (2009: Nil).

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board considered that the Company had adopted and complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to 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 Practices as set out in Appendix 14 to 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 (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors and supervisors of the Company.

After specific enquiries to the directors and supervisors of the Company, the Board confirmed that all directors and supervisors had fully complied with the codes as set out in the Model Code 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 and the annual results of the Company for the Year was in full compliance with the requirements of the applicable accounting standards, laws and regulations and appropriate disclosure was made.

ANNUAL REPORT AND ANNUAL GENERAL MEETING

The annual general meeting ("AGM") for the Year will be held on Friday, 17 June 2011 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 report for the financial year ended 31 December 2010 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 18 May 2011 to 17 June 2011 (both dates inclusive), during which period no transfer of shares will be registered.

In order to qualify for attending and voting at the 2010 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 17 May 2011.

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, 24 March 2011

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

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*