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)

2011 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 2011 (the "**Year**") together with comparative figures for the corresponding period of 2010 as follows:

CONSOLIDATED INCOME STATEMENT

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

For 2011

Monetary unit: RMB YUAN

item		Current year	Prior year
I.	**Total operating income**	**587,094,326.94**	525,614,186.80
	Operating income	**587,094,326.94**	525,614,186.80
	Interest income		
	Insurance premiums earned		
	Commissions income		
II.	**Total operating costs**	**655,298,938.98**	588,929,614.98
	Ooperating costs	**560,488,874.71**	451,703,198.87
	Interest expense		
	Commission charges		
	Refund of insurance premiums		
	Net payments for insurance claims		
	Net provision for insurance contracts		
	Commissions on insurance policies		
	Cession charges		
	Business taxes and surcharges	**2,070,144.94**	1,557,064.48
	Selling expenses	**39,263,632.25**	42,028,110.15
	Administration expenses	**66,528,031.97**	66,723,892.79
	Finance costs	**-7,267,180.76**	-5,026,696.22
	Assets impairment loss	**-5,784,564.13**	31,944,044.91
	Add: Changing income of fair value		
	Gain/(losses) on investment	**-3,459,922.23**	102,367,974.52
	"Inclduing: Losses on investment of associates and jointly controlled entities"	**-7,070,051.85**	-5,630,937.04
	exchange gains (losses)		

CONSOLIDATED INCOME STATEMENT *(CONTINUED)*

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

For 2011

Monetary unit: RMB YUAN

item	Current year	Prior year
III. Operating profit/(loss)	**-71,664,534.27**	39,052,546.34
Add: Non-operating income	**16,311,692.27**	58,906,309.46
Including: Gain on disposal of non-current assets	**1,027,194.81**	52,648,076.29
Less: Non-operating expenses	**1,156,160.30**	4,307,805.15
IV. Total profit/(loss)	**-56,509,002.30**	93,651,050.65
Less: Income tax expenses	**7,224,378.77**	805,970.37
V. Net profit(loss)	**-63,733,381.07**	92,845,080.28
Net profit attributable to parent company's shareholders	**-66,044,837.54**	87,034,531.62
Minority interests	**2,311,456.47**	5,810,548.66
VI. Earnings per share:		
(i) Basic earning per share *(RMB/share)*	**-0.17**	0.22
(ii) Diluted earning per share *(RMB/share)*	**-0.17**	0.22
VII. Other comprehensive income	**-5,409,549.60**	-3,765,309.60
VIII. Total comprehensive income	**-69,142,930.67**	89,079,770.68
Total comprehensive income attributable to the Company's shareholders	**-71,454,387.14**	-50,191,884.49
Total comprehensive incoem attributable to minority interests	**2,311,456.47**	5,810,548.66

CONSOLIDATED BALANCE SHEET

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

For 2011

Monetary unit: RMB YUAN

Item	End of year	Beginінig of year
Current assets:		
Cash and bank balances	**242,284,772.64**	289,139,050.33
Reserved deposits		
Loans to other banks		
Transactional fianancial assets		
Bills receivable	**38,193,476.74**	10,564,368.50
Accounts receivable	**124,670,185.05**	141,541,058.85
Prepayments	**2,657,646.11**	21,677,335.42
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance accounts receivable reserve		
Interest receivable		
Dividends receivable		
Other receivables	**32,614,916.10**	101,589,255.80
Put option		
Inventories	**263,327,508.31**	229,395,521.98
Current Portion of non-current assets		
Other current assets		
Total current assets	**703,748,504.95**	793,906,590.88

CONSOLIDATED BALANCE SHEET *(CONTINUED)*

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

For 2011

Monetary unit: RMB YUAN

Item	End of year	Begininig of year
Non-current assets:		
Loans to others and payment on behalf		
Available-for-sale financial assets	**14,121,120.00**	20,485,296.00
Held-to-maturity investment		
long-term accounts receivable		
Long-term equity investments	**204,541,934.69**	217,723,567.27
Investment property	**2,992,841.32**	22,763,943.24
Fixed assets	**325,874,374.80**	251,728,841.40
Construction in progress	**93,706,380.86**	121,263,137.82
Construction material		
Disposal of fixed assets		
Productive Biological Assets		
Oil and gas		
Intangible assets	**39,659,991.93**	40,665,346.67
Development cost		
Goodwill		
Long term prepaid expenses		
Deferred tax assets	**18,751,025.08**	22,138,441.50
Other non-current assets		
Total non-current assets	**699,647,668.68**	696,768,573.90
Total assets	**1,403,396,173.63**	1,490,675,164.78

CONSOLIDATED BALANCE SHEET *(CONTINUED)*

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

For 2011

Monetary unit: RMB YUAN

Item	End of year	Beginining of year
Current liabilities:		
Short term loans	**5,000,000.00**	15,000,000.00
Borrowings from central bank		
Deposits taking and inter-bank deposits		
Loans from others		
Transactional financial liabilities		
Bills payable		
Accounts payable	**87,050,210.78**	74,834,461.96
Receipt in advance	**9,207,453.91**	10,422,405.63
Call option		
Commission and charges payable		
Staff remuneration payables	**20,033,557.16**	22,383,812.67
Tax payable	**-25,459,804.87**	-14,548,090.39
Interest payable	**366,260.00**	501,776.32
Dividend payable		
Other payables	**43,091,435.30**	51,614,102.16
Premium payable for reinsurance		
Net provision for insurance contracts		
Amount payable to securities broker		
Amount payable to securities underwriter		
"Non-current liabilities due within one year"		
Other current liabilities		
Total current liabilities	**139,289,112.28**	160,208,468.35

CONSOLIDATED BALANCE SHEET *(CONTINUED)*

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

For 2011

Monetary unit: RMB YUAN

Item	End of year	Beginінig of year
Non-current liabilities:		
Long term loans	**8,813,449.17**	9,508,807.37
Bonds payable		
Long-term payables		
Designate accounts payable		
Provision		
Deferred tax liabilities	**2,221,665.93**	3,133,183.11
Other non-current liabilities	**71,392,191.30**	62,710,406.83
Total non-current liabilities	**82,427,306.40**	75,352,397.31
Total liabilities	**221,716,418.68**	235,560,865.66
Equity		
Share capital	**400,000,000.00**	400,000,000.00
Capital reserve	**659,009,711.28**	666,347,345.52
Less: treasury shares		
Special reserve		
Surplus reserve	**8,726,923.61**	8,726,923.61
General risk reserve		
Retained earnings	**32,302,989.58**	98,347,827.12
Translation reserve		
Total equity attributable to the equity holders of the Company	**1,100,039,624.47**	1,173,422,096.25
Minority interest	**81,640,130.48**	81,692,202.87
Total equity	**1,181,679,754.95**	1,255,114,299.12
Total liabilities and equity	**1,403,396,173.63**	1,490,675,164.78

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

(Expressed in RMB Yuan unless otherwise stated)

I. Background of the Company

Chengdu PUTIAN Telecommunications Cable Company Limited (the "Company") was incorporated on 1 October 1994 after its restructuring from Chengdu Cable Plant of the Posts and Telecommunications Ministry of China (now known as "China PUTIAN Corporation"). Pursuant to the approvals granted by The State Council of the People's Republic of China (the "PRC") for issuance of shares in Hong Kong, the shares of the Company have been listed on the Stock Exchange of Hong Kong Limited since 13 December 1994 through the placing and public offer of H shares with stock code 1202. The original name at the time of listing was Chengdu Telecommunications Cable Company Limited and the Company obtained "Qihechuanrongzong business license No.1972" issued by Chengdu Administration Bureau of Industry and Commerce. The registered capital of the Company is RMB 400,000,000 of which: China PUTIAN Corporation holds RMB 240,000,000 representing 60% of the total shares; public shareholders hold RMB 160,000,000 representing 40% of the total shares (H Shares).

The Company's corporate governance structure is set out as follows: shareholders general meeting, board of directors, supervisory committee, audit committee and the management. The organisational structure is set out as follows: office and administration department, finance department, human resources department, China Communist Party Committee, quality control department, production safety department, investment department, engineering department and technology centre (including cable technology department, laboratory testing department, application development department and the general administrative department). Currently, the Company has 4 subsidiaries, 1 jointly controlled entity and 2 associates.

Business license registration number: 510100400020197

Registered address: No. 18, Xinhang Road, The West Park of Hi-Tech Development Zone, Cheungdu, Sichuan Province, the PRC

Legal representative: Zhang Xiaocheng

I. Background of the Company *(Continued)*

Principal activities: The Company is principally engaged in the manufacture and sale of various types of telecommunication cables, optical fibres and cable joining sleeves.

On 10 November 2000, the Company changed its name to Chengdu PUTIAN Telecommunications Cable Company Limited.

On 21 January 2005, China PUTIAN Corporation and China Potevio Company Limited entered into a share transfer agreement. China PUTIAN Corporation agreed to transfer 60% of its equity in Chengdu PUTIAN Telecommunications Cable Company Limited to China Potevio Company Limited with no consideration. On 30 August 2005, a share transfer supplementary agreement was signed to redefine the terms and effective date of this share transfer. "Guozichanquan No.[2005] 287" was issued by the State Owned Assets Supervision and Administration Commission of The State Council on 10 March 2005 and "Shangzipi No.[2005] 2581" was issued by The Ministry of Commerce of the PRC on 7 November 2005 for the approval of this supplementary agreement. On 8 February 2006, the Company changed to new business license.

In 2005, the Company sold a plot of land located at No.2 Zijing West Road, Hi-tech Development Zone, Chengdu through public auction. In November 2007, the Company moved to and built its new plants at No.18, Xinhang Road, West Park of Hi-tech Development Zone, Chengdu.

The immediate holding company of the Company is China Potevio Company Limited and the ultimate holding company is China PUTIAN Corporation.

II. Principal accounting policies, accounting estimates and prior year errors

1. Basis of preparation of financial statements

The financial statements have been prepared on the going concern basis, reflecting the business transactions and affairs actually incurred, in accordance with the Basic Standard and the 38 specific standards of Accounting Standards for Business Enterprises issued by the Ministry of Finance on 15 February 2006, the Application Guidance of Accounting Standards for Business Enterprises, Interpretation of Accounting Standards for Business Enterprises and other regulations issued thereafter (hereafter referred to as "the Accounting Standards for Business Enterprises"). The financial statements have also been prepared based on the following principal accounting policies and accounting estimates.

2. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements of the Company for the year ended 31 December 2011 were prepared under the requirements of Accounting Standards for Business Enterprises, and truly and completely present the Company's financial position as of 31 December 2011 and the operating results, cash flows and other relevant information for the year then ended.

(Expressed in RMB Yuan unless otherwise stated)

III. Taxes

(1) Major taxation and tax rates:

Main taxation	Taxation basis	Rate
Enterprise income tax	Taxable income	15%
Value-added tax	Value added amount	17%
Business tax	Service revenue, value-added taxes and transfer amount	5%
City construction tax	Goods turnover tax actually paid	5%/7%
Educational surcharges	Goods turnover tax actually paid	3%
Supplementary food regulation surcharge	Sales revenue and rental income	0.1%
Local educational surcharges	Goods turnover tax actually paid	2%
Property tax	The net book value of property or rental income from property	1.2%/12%
Land use tax	The actual area of land occupied	RMB 6 per square meter
Individual income tax	Taxable income of individual	5%-45%

(2) Preferential tax treatment and approval:

According to the regulations of《High-tech enterprise recognition and management method》(Guokefahuo [2008] No.172) and《Working guidelines for the recognition and management of high-tech enterprises》(Guokefahuo〔2008〕No.362), and according to Chuangaoqiren [2011] No.4 issued by the High-tech Enterprise Recognition and Management Group, the Company and its subsidiaries, Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant, Chengdu SEI Optical Fiber Co., Ltd and Chengdu MCIL Radio Communications Co., Ltd are recognized as high-tech enterprises and enjoy the High-tech Enterprises Preferential Tax Rate of 15%.

IV. Scope of consolidation and consolidated financial statements

The Company consolidates all the subsidiaries and special purposes entities in these consolidated financial statements.

The consolidated financial statements are prepared in accordance with "Accounting Standards for Business Enterprises No. 33 - Consolidated Financial Statements" and relevant regulations, and all significant intra-group transactions and balances are eliminated. Interests in subsidiaries that are not attributable to the Company's equity shareholders are presented separately as minority interest in the consolidated financial statements. When preparing consolidated financial statements, adjustments are made if the subsidiaries' accounting policies and accounting year end are different from the Company.

If preparing the consolidated financial statements, if the subsidiaries are acquired from business combination not involving entities under common control, the identified net assets of the subsidiaries are adjusted on the basis of their fair values on the date of acquisition. If subsidiaries are acquired under business combination involving enterprises under common control, the assets, liabilities, retained earnings and cash flows of the subsidiaries are included in the consolidated financial statements from the beginning of the year.

IV. Scope of consolidation and consolidated financial statements

Details of the subsidiaries

Subsidiaries obtained through set-up or investment

Name of subsidiaries	Type of subsidiaries	Registered address	Registered capital	Principal activities and scope of operation	Paid-in capital at the year ended	Other items in substance form part of the investment
Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant	Stated-owned enterprise and collective cooperation	Jingdu Village, Baijia Town, Shuangliu, Chengdu	22,520,000.00	Manufacture and sale of heat-shrink cable joining sleeves, cold-shrink cable, electric wire and cable and accessories	15,013,376.15	
Chengdu SEI Optical Fiber Co., Ltd	Limited company	The westpark of Hi-tech Development Zone, Chengdu	USD 13,750,000.00	Manufacture and sale of optical fiber and related material	70,424,819.71	
Chengdu MCIL Radio Communications Co., Ltd	Limited company	The westpark of Hi-tech Development Zone, Chengdu	82,100,000.00	Manufacture and sale of copper cables, parts and components for wireless telecommunications system network	72,702,773.95	
Chengdu Gaoxin Cable Co., Ltd	Limited company	Yan alley, Pingle Town, Qionglai City	8,116,116.38	Manufacture and sale of cables and wires, special cables and other telecommunications products	8,116,116.38	

(Expressed in RMB Yuan unless otherwise stated)

IV. Scope of consolidation and consolidated financial statements *(Continued)*

Details of the subsidiaries *(Continued)*

Subsidiaries obtained through set-up or investment (Continued)

Name of subsidiaries	Equity held *(%)*	Voting right held *(%)*	Consolidated or not	Minority interests	Amount of minority interest for deduction of minority interest's losses	The balance of the amount of shareholders' equity attributable to parent company deducting losses for the year to minority interest exceed the amount of equity at the beginning of year of subsidiaries of minority interest
Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant	66.67	66.67	Yes	23,548,599.03		
Chengdu SEI Optical Fiber Co., Ltd.	60.00	60.00	Yes	56,036,245.78		
Chengdu MCIL Radio Communications Co., Ltd.	96.67	100.00	Yes	2,055,285.67		
Chengdu Gaoxin Cable Co., Ltd.	100.00	100.00	Yes			

(Expressed in RMB Yuan unless otherwise stated)

V. Notes to major items of consolidated financial statements

1. Bills receivables

Bills receivables comprise

Item	End of the year	Beginning of the year
Bank acceptance bills	**34,512,368.07**	9,159,379.29
Commercial acceptance bills	**3,681,108.67**	1,404,989.21
Total	**38,193,476.74**	10,564,368.50

2. Accounts receivables

(1) Accounts receivables comprise

	End of the year			
	Carrying amount		Provision for bad debts	
Category	Amount	Percentage (%)	Amount	Percentage (%)
1. Individual significant receivables of which provision for bad debts is made on an individual basis				
2. Receivables of which provision for bad debts is made on a group basis				
- Provision for bad debts is made according to aging analysis	151,795,159.03	89.19	27,345,849.03	18.01
3. Individual insignificant receivables of which provision for bad debts is made on an individual basis	18,396,129.27	10.81	18,175,254.22	98.80
Total	170,191,288.30	100.00	45,521,103.25	

(Expressed in RMB Yuan unless otherwise stated)

V. Notes to major items of consolidated financial statements *(Continued)*

2. Accounts receivables *(Continued)*

(1) Accounts receivables comprise (Continued)

	Beginning of the year			
	Carrying amount		Provision for bad debts	
Category	Amount	Percentage	Amount	Percentage
		(%)		*(%)*
1. Individual significant receivables of which provision for bad debts is made on an individual basis				
2. Receivables of which provision for bad debts is made on a group basis				
- Provision for bad debts is made according to aging analysis	168,853,200.26	88.72	30,488,823.87	18.06
3. Individual insignificant receivables of which provision for bad debts is made on an individual basis	21,457,620.42	11.28	18,280,937.96	85.20
Total	190,310,820.68	100.00	48,769,761.83	

(Expressed in RMB Yuan unless otherwise stated)

V. Notes to major items of consolidated financial statements *(Continued)*

2. Accounts receivables *(Continued)*

(1) Accounts receivables comprise (Continued)

Details of accounts receivables of which provision for bad debts is made according to aging analysis

	End of the year			Beginning of the year		
Age	Carrying amount	Percentage (%)	Provision for bad debts	Carrying	Percentage (%)	Provision for bad debts
Within 1 year	93,380,731.15	61.52		116,072,730.29	68.74	
1-2 years	30,191,331.86	19.89	3,019,133.19	19,924,756.92	11.80	1,992,475.70
2-3 years	4,814,391.71	3.17	1,444,317.51	5,491,957.50	3.25	1,647,587.26
3-5 years	2,631,529.91	1.73	2,105,223.93	2,574,973.21	1.53	2,059,978.57
Over 5 years	20,777,174.40	13.69	20,777,174.40	24,788,782.34	14.68	24,788,782.34
Total	151,795,159.03	100.00	27,345,849.03	168,853,200.26	100.00	30,488,823.87

(Expressed in RMB Yuan unless otherwise stated)

V. Notes to major items of consolidated financial statements *(Continued)*

2. Accounts receivables *(Continued)*

(1) Accounts receivables comprise (Continued)

Details of individual insignificant receivables of which provision for bad debts is made on an individual basis

Name	End of the year	provision	Percentage (%)	Reason for individually made provision
Henan Qingfeng County Federation of Industry and Trade Co., Ltd	1,007,986.64	1,007,986.64	100.00	Not expected to be recoverable
Chengdu Telecommunications Cable Factory sales division	1,062,382.43	1,062,382.43	100.00	Not expected to be recoverable
China Posts Equipment Co., Ltd, Middlesouth Company	1,116,797.27	1,116,797.27	100.00	Not expected to be recoverable
Urumqi Zhida Electronics Co., Ltd	1,344,969.65	1,344,969.65	100.00	Not expected to be recoverable
Chuandong Electromechanical Co., Ltd	1,606,692.41	1,606,692.41	100.00	Not expected to be recoverable
Shenyang Hengyuanda Communications Equipment Co., Ltd	1,621,814.62	1,621,814.62	100.00	Not expected to be recoverable
KAB/VOLEX	2,058,597.74	2,058,597.74	100.00	Not expected to be recoverable
Total	9,819,240.76	9,819,240.76		

Note: The total amount of the individual insignificant receivables of which provision for bad debts is made on an individual basis is 18,396,129.27, of which the large amount is 9,819,240.76.

V. Notes to major items of consolidated financial statements *(Continued)*

2. Accounts receivables *(Continued)*

(2) Details of recovered receivables

Name	Reason for write back	Reasons for provision for bad debts made previously	Provision for bad debts made previously in relation to the recovered amount	Amount recovered
Guangzhou Tongguang Communication Technology Co., Ltd	Amount recovered	No repayment after several years' demands	866,600.50	866,600.50
Total			866,600.50	866,600.50

Note: According to the civil mediation agreement Haiminerchuzi (2011) No.235 issued by the Guangzhou Haizhu District People's Court, the plaintiff, Chengdu MCIL Radio Communications Co., Ltd. and the defendant, Guangzhou Tongguang Communication Technology Co., Ltd. reached a repayment agreement and the defendant agreed to repay the outstanding amount of RMB 866,600.50.

(Expressed in RMB Yuan unless otherwise stated)

V. Notes to major items of consolidated financial statements *(Continued)*

2. Accounts receivables *(Continued)*

(3) Top five accounts receivable

Name	Relationship	Amount	Age	Percentage (%)
1. Leoni Special Cable (Changzhou) Co., Ltd	Not related party	18,238,816.17	Within 1 year	10.72
2. ZTE Kangxun Telecom Company Limited	Not related party	14,998,353.16	Within 1 year	8.81
3. Sichuan Petroleum Administration Supplies Corporation	Not related party	7,297,300.00	Within 1 year	4.29
4. CSR Investment Leasing Co., Ltd	Not related party	6,496,114.28	Within 1 year	3.82
5. Hangzhou Stanley Communication Equipment Co., Ltd	Not related party	5,879,760.75	Within 1 year	3.45
Total		52,910,344.36		31.09

(4) Accounts receivables denominated in foreign currencies

	End of the year			Beginning of the year		
Foreign currency	Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
US dollars	74,580.97	6.3009	469,927.23	52,285.80	6.6227	346,273.15
Total			469,927.23			346,273.15

Note: At the end of the reporting year, there was no counterparty holding 5% or more of the Company's voting shares.

(Expressed in RMB Yuan unless otherwise stated)

V. Notes to major items of consolidated financial statements *(Continued)*

3. Accounts payables

(1) Aging analysis

Item	End of the year Amount	End of the year Percentage (%)	Beginning of the year Amount	Beginning of the year Percentage (%)
Within 1 year	**77,077,562.69**	**88.54**	60,503,511.63	80.85
1-2 years	**3,923,779.00**	**4.51**	9,738,129.83	13.01
2-3 years	**2,367,439.75**	**2.72**	3,791,151.44	5.07
Over 3 years	**3,681,429.34**	**4.23**	801,669.06	1.07
Total	**87,050,210.78**	**100.00**	74,834,461.96	100.00

(2) Accounts payables denominated in foreign currencies

Currency	End of the year Original currency	End of the year Exchange rate	End of the year RMB	Beginning of the year Original currency	Beginning of the year Exchange rate	Beginning of the year RMB
US dollars	**2,622,045.02**	**6.3009**	**16,521,243.47**			
Total			**16,521,243.47**			

Note 1: At the end of the reporting year, there was no counterparty holding 5% or more of the Company's voting shares.

Note 2: The payables aged over 1 year mainly represent outstanding payables for purchases of raw materials and construction projects.

(Expressed in RMB Yuan unless otherwise stated)

V. Notes to major items of consolidated financial statements *(Continued)*

4. Operating income and operating costs

(1) Analysis of principal operations by products

	Current year		Prior year	
Name of products	**Income from principal operations**	**Costs from principal operations**	Income from principal operations	Costs from principal operations
Plastic telephone cable	**32,060,457.87**	**32,213,584.60**	38,108,323.70	35,177,100.75
Program-controlled cable	**48,401,241.71**	**57,608,903.10**	47,822,510.64	49,564,985.56
Locomotive cable	**6,186,471.27**	**7,802,438.45**	3,570,905.90	4,651,319.07
Purchased cable and accessories	**83,951,642.48**	**83,362,589.23**	57,459,290.00	56,966,762.36
Heat shrinkable products	**57,510,036.61**	**52,135,701.77**	93,237,859.46	62,134,107.35
Wire feed cable	**134,220,285.16**	**118,995,791.06**	115,576,004.56	108,989,657.29
Optical fiber	**140,280,038.00**	**103,907,881.43**	106,454,337.37	80,830,543.33
Other cables	**43,112,235.23**	**39,757,682.07**	29,438,719.40	24,045,665.89
Total	**545,722,408.33**	**495,784,571.71**	491,667,951.03	422,360,141.60

Note: Other cables mainly include electrical equipment cable, nano coaxial cable, data cable, composite steel, composite aluminum, and etc.

(Expressed in RMB Yuan unless otherwise stated)

V. Notes to major items of consolidated financial statements *(Continued)*

4. Operating income and operating costs *(Continued)*

(2) Geographical analysis of main operations

	Current year		Prior year	
Regions	**Income from principal operations**	**Costs from principal operations**	Income from principal operations	Costs from principal operations
Northern China	**67,613,223.37**	**51,458,529.97**	56,326,011.93	44,056,855.45
Eastern China	**157,079,730.93**	**134,373,317.98**	123,795,756.49	105,313,159.30
Southern China	**24,745,721.74**	**20,574,934.58**	37,182,750.17	33,537,668.91
Central China	**154,870,330.34**	**161,058,159.78**	129,423,967.65	107,400,459.23
Southwest China	**114,791,095.85**	**110,628,103.05**	101,165,656.79	90,566,963.32
Northwest China	**23,818,016.47**	**15,609,864.05**	41,692,144.70	39,403,371.09
Overseas	**2,804,289.63**	**2,081,662.30**	2,081,663.30	2,081,664.30
Total	**545,722,408.33**	**495,784,571.71**	491,667,951.03	422,360,141.60

(Expressed in RMB Yuan unless otherwise stated)

V. Notes to major items of consolidated financial statements *(Continued)*

4. Operating income and operating costs *(Continued)*

(3) Income from the top five customers

Item	Operating revenue	Proportion *(%)*
1. ZTE Kangxun Telecom Co., Ltd	126,866,336.87	21.61
2. Leoni Special Cable (Changzhou) Co., Ltd	47,281,832.05	8.05
3. Hangzhou Stanley Communication equipment Co., Ltd	45,820,645.91	7.80
4. Sichuan Telecom Co., Ltd	35,609,498.43	6.07
5. Chengdu CCS Optical Fibre Co., Ltd	23,227,312.63	3.96
Total	278,805,625.89	47.49

(Expressed in RMB Yuan unless otherwise stated)

V. Notes to major items of consolidated financial statements *(Continued)*

5. Business tax and surcharges

Item	Tax base	Current year	Prior year
Business tax	5%	**379,016.74**	257,755.75
City construction tax	5%, 7%	**667,290.44**	453,800.38
Educational surcharges	3%	**307,112.36**	208,856.15
Local educational surcharges	2%	**201,544.77**	137,063.40
Property tax	1.2%, 12%	**411,920.62**	395,871.63
Price regulation fund	0.1%	**103,260.01**	103,717.17
Total		**2,070,144.94**	1,557,064.48

6. Selling expenses

Item	Current year	Prior year
Staff and salaries	**4,432,157.77**	3,920,218.63
Transportation cost	**13,130,171.72**	11,992,936.35
Packing expenses	**5,064,506.47**	3,559,183.75
Business expenses	**11,323,987.37**	11,465,227.92
Advertising	**2,086,587.91**	7,319,100.75
Office and traveling expenses	**1,371,093.58**	1,694,768.28
Others	**1,855,127.43**	2,076,674.47
Total	**39,263,632.25**	42,028,110.15

(Expressed in RMB Yuan unless otherwise stated)

V. Notes to major items of consolidated financial statements *(Continued)*

7. Administration expenses

Item	**Current year**	Prior year
Staff salaries	**17,333,674.96**	19,087,707.82
Social insurance premiums	**7,619,632.04**	7,334,834.48
Depreciation and amortization	**6,465,473.11**	5,596,158.71
Entertainment	**1,450,116.05**	1,559,570.69
Office and traveling expenses	**3,072,631.88**	4,076,576.68
Research and development costs	**6,738,141.25**	8,371,437.07
Taxes	**4,645,468.98**	4,286,760.47
Agency fee	**5,748,055.06**	3,757,300.00
Repairs and maintenance	**5,172,527.30**	4,191,992.12
Water and electricity	**3,913,630.70**	3,849,381.76
Others	**4,368,680.64**	4,612,172.99
Total	**66,528,031.97**	66,723,892.79

(Expressed in RMB Yuan unless otherwise stated)

V. Notes to major items of consolidated financial statements *(Continued)*

8. Finance costs

Item	Current year	Prior year
Interest expenses	**997,871.93**	2,180,287.70
Less: Interest income	**7,466,249.20**	6,266,177.18
Exchange loss		
Less: Exchange gain	**1,138,722.12**	1,248,657.12
Bank charges	**339,918.63**	307,850.38
Total	**-7,267,180.76**	-5,026,696.22

9. Income tax expense

Item	Current year	Prior year
Income tax expense for the year according to tax laws and related regulations	**3,793,853.13**	4,249,724.79
Adjustment of deferred tax	**3,430,525.64**	-3,443,754.42
Total	**7,224,378.77**	805,970.37

(Expressed in RMB Yuan unless otherwise stated)

V. Notes to major items of consolidated financial statements *(Continued)*

10. Calculation of basic earnings per share and diluted earnings per share

According to "Information Disclosure and Preparation Regulations of Companies Publicly Issuing Securities No. 9 - Calculation and Disclosure of Return Rate of Net Assets and Earnings per Share (Revised in 2010)" ("China Securities Regulatory Commission Announcement [2010] No. 2"), and "Notice on Explanation of Information Disclosure of Companies Publicly Issuing Securities No. 1 - Non-operating Profit and Loss (2008)" ("China Securities Regulatory Commission Announcement [2008] No. 43") issued by China Securities Regulatory Commission ("CSRC"), earnings per share are calculated as follows:

Item	**Code**	**Current year**	Prior year
Net profit (after non-operating items) attributable to ordinary shareholders of the Company (I)	P0	**-66,044,837.54**	87,034,531.62
Net profit attributable to ordinary shareholders with deduction of non-operating items (II)	P0	**-85,110,994.16**	-75,571,643.10
Total shares at the beginning of the year	S0	**400,000,000**	400,000,000
Additional shares from transfer of surplus fund or share dividends during the year	S1		
Additional shares from issue of new shares or debt for equity swap	Si		
Reduction in shares from share repurchase during the year	Sj		
Reduction in shares from share consolidation	Sk		
Number of months during the year	M0	**12**	12
Number of months from the following month of the increase in shares to the end of the year	Mi		

(Expressed in RMB Yuan unless otherwise stated)

V. Notes to major items of consolidated financial statements *(Continued)*

10. Calculation of basic earnings per share and diluted earnings per share *(Continued)*

Item	Code	Current year	Prior year
Number of months from the following month of the decrease in shares to the end of the year	Mj		
Weighted average number of outstanding ordinary shares	S	**400,000,000**	400,000,000
Basic earnings per share (I)		**-0.17**	0.22
Basic earnings per share (II)		**-0.21**	-0.19
Adjusted net profit for the year attributable to ordinary shareholders (I)	P1	**-66,044,837.54**	87,034,531.62
Adjusted net profit (after deduction of non-operating profit and loss items) attributable to ordinary shareholders (II)	P1	**-85,110,994.16**	-75,571,643.10
Increase in weighted average number of outstanding ordinary shares from warrants, share options and convertible bonds			
Diluted weighted average number of outstanding ordinary shares		**400,000,000**	400,000,000
Diluted earnings per share (I)		**-0.17**	0.22
Diluted earnings per share (II)		**-0.21**	-0.19

V. Notes to major items of consolidated financial statements *(Continued)*

10. Calculation of basic earnings per share and diluted earnings per share *(Continued)*

(1) Basic earnings per share

Basic earnings per share = P0÷ S

S= S0＋S1＋Si×Mi÷M0- Sj×Mj÷M0-Sk

Including: "P0 " represents net profit or loss after non-operating items attributable to ordinary shareholders of the Company; "S" represents the weighted average number of outstanding ordinary shares; "S0" represents total number of shares at the beginning of the year; "S1" represents additional shares from transfer of surplus fund or share dividends during the year; "Si" represents additional shares from issue of new shares or debt for equity swap during the year; "Sj" represents the reduction in shares from share repurchase during the year; "Sk" represents the reduction in shares from share consolidation during the year; "M0" represents the number of months during the year; "Mi" represents the number of months from the month following the increase in shares to the end of the year; "Mj" represents the number of months from the month following the decrease in shares to the end of the year.

V. Notes to major items of consolidated financial statements *(Continued)*

10. Calculation of basic earnings per share and diluted earnings per share *(Continued)*

(2) Diluted earnings per share

Diluted earnings per share =P1/(S0＋S1＋Si×Mi÷M0-Sj×Mj÷M0-Sk＋Increase in weighted average number of outstanding ordinary shares from warrants, share options and convertible bonds).

Where P1 is the net profit or loss after non-operating items attributable to ordinary shareholders of the Company, of which the effect from dilutive potential ordinary shares has been adjusted in accordance with Accounting Standards for Business Enterprises and the relevant regulations. When calculating the diluted earnings, the Company has taken into account all the effect from dilutive potential ordinary shares on the net profit or loss after non-operating items attributable to ordinary shareholders of the Company and the weighted average number of outstanding shares, and included the effect of each dilutive potential ordinary shares according to the magnitude of their impact in an ascending order until the lowest dilutive earnings per share is obtained.

V. Notes to major items of consolidated financial statements *(Continued)*

11. Other comprehensive income

Item	Current year	Prior year
1. Gain or loss from available-for-sale financial assets	**-5,409,549.60**	-3,765,309.60
Less: Available-for-sale financial assets' affect on income tax		
Net amount carried forward into profit and loss in current year, which was recognized as other comprehensive income in previous years		
Subtotal	**-5,409,549.60**	-3,765,309.60
2. Share of other comprehensive income of investees using equity method		
Less: Tax effect of share of other comprehensive income of investee using equity method		
Net amount of previously recognized other comprehensive income transferred to profit or loss in current period		
Subtotal		
3. Profit (loss) from cash flow hedge forward contracts		
Less: Tax effect of cash flow hedge forward contracts		
Net amount of previously recognized other comprehensive income transferred to profit or loss in current period		
Adjustment on initial recognition upon transfer to hedged items		
Subtotal		

V. Notes to major items of consolidated financial statements *(Continued)*

11. Other comprehensive income *(Continued)*

Item	**Current year**	Prior year
4. Exchange difference arising from translations of financial statements denominated in foreign currency		
Less: Transfer to profit or loss of the current year upon disposal of foreign operations		
Subtotal		
5. Others		
Less: Tax effect of other items recognized in other comprehensive income		
Net amount of previously recognized other comprehensive income transferred to profit or loss in current period		
Subtotal		
Total	**-5,409,549.60**	-3,765,309.60

XI. SUPPLEMENTARY INFORMATION

1. Details of non-operating profit and loss items in the year

According to "Notice on Explanation of Information Disclosure of Companies Publicly Issuing Securities No. 1 - Non-operating Profit and Loss (2008)" (China Securities Regulatory Commission Announcement [2008] No. 43") issued by China Securities Regulatory Commission ("CSRC"), non-operating profit and loss items are as follows:

Item	Amount	Note
1. Profit or loss on disposal of non-current assets, including reversal of provision for impairment on assets	4,547,379.23	
2. Tax rebate or reduction without official approval documents or on an occasional basis		
3. Government subsidies accounted for in profit or loss for the year (those closely related to the business of the entity, excluding government grants entitled according to the national standards or amounts)	11,341,963.16	
4. Capital occupation fee received by non-financial institutions and recognized in profit or loss for the year	641,818.22	
5. The shortfall between investment cost received by the entity from its subsidiaries, associates and jointly controlled entities and the investment income generated from the fair value of the identifiable net assets of the investee that the entity entitles		

XI. Supplementary information *(Continued)*

1. Details of non-operating profit and loss items in the year *(Continued)*

Item	Amount	Note
6. Exchange difference from exchange of non-monetary assets		
7. Profit and loss from entrusted investments or asset management		
8. Provision for impairment on assets due to natural disasters, etc		
9. Profit or loss from debt restructuring		
10. Enterprise restructuring costs		
11. Profit or loss calculated at the difference between transacted amounts of non-arm's length transaction and the fair value of the non-arm's length transaction		
12. Profit or loss arising from consolidating subsidiaries under common control		
13. Profit or loss arising from contingencies not related to the principal operations of the entity		
14. Investment income obtained from holding transactional financial assets and transactions financial liabilities generated changes in fair values and disposal tradable financial assets and transactions financial liabilities and sellable financial assets apart with company normal operations related effective hedging business	89,945.20	

(Expressed in RMB Yuan unless otherwise stated)

XI. Supplementary information *(Continued)*

1. Details of non-operating profit and loss items in the year *(Continued)*

Item	Amount	Note
15. Reversal of impairment of receivables provided by specific provision		
16. Profit and loss from entrusted loans		
17. Profit and loss arising from changes in fair value of investment property under fair value model on subsequent measurement		
18. Profit and loss according to tax and accounting laws and regulations require a one-time adjustment of profit or loss		
19. Entrusted fee income obtained from entrusted operation		
20. Other net non-operating income/expenses other than the above items	2,786,374.00	
21. Other non-recurring profit and loss items recognized		
22. Effect of minority interest	-371,862.97	
23. Effect of income tax	30,539.78	
Total	19,066,156.62	

(Expressed in RMB Yuan unless otherwise stated)

XI. Supplementary information *(Continued)*

2. Return on net assets and earnings per share

According to "Information Disclosure and Preparation Regulations of Companies Publicly Issuing Securities No. 9 - Calculation and Disclosure of Return Rate of Net Assets and Earnings per Share (Revised in 2010)" ("China Securities Regulatory Commission Announcement [2010] No. 2"), and "Notice on Explanation of Information Disclosure of Companies Publicly Issuing Securities No. 1 - Non-operating Profit and Loss (2008)" (China Securities Regulatory Commission Announcement [2008] No. 43") issued by China Securities Regulatory Commission ("CSRC"), earnings per share are calculated as follows:

(1) Current year

		Earnings per share	
Loss for the year	**Return on net weighted average assets** *(%)*	**Basic earnings per share**	**Diluted earnings per share**
Net loss attributable to ordinary shareholders of the Company	-5.79	-0.17	-0.17
Net loss attributable to shareholders deducted non-operating gains and losses of the Company after deducting extraordinary items	-7.46	-0.21	-0.21

XI. Supplementary information *(Continued)*

2. Return on net assets and earnings per share

(2) Prior year

Loss for the year	Return on net weighted average assets (%)	Earnings per share: Basic earnings per share	Earnings per share: Diluted earnings per share
Net loss attributable to ordinary shareholders of the Company	7.19	0.22	0.22
Net loss attributable to shareholders deducted non-operating gains and losses of the Company after deducting extraordinary items	-6.24	-0.19	-0.19

MANAGEMENT DISCUSSION AND ANALYSIS

EXPLANATION FOR BUSINESS RESULTS

In 2011, oil and non-ferrous metal (e.g. copper) prices experienced wild fluctuation amidst international economic crisis and European debt crisis, and the market became very unpredictable as a result; domestic inflation and tightened currency policy led to the adoption of acceptance by many companies for settlement of payment, which posed great capital pressure on the Company; the crash of the high-speed train and bullet train prompted the Ministry of Railways to adjust its rail transport planning, which exerted considerable impact on the locomotive cable market. As there were far more unfavourable factors in the overall situation than could have been expected, it would take time for the Company to cope with such changes; in addition, with the market environment of traditional copper cables deteriorating, the Company suffered more loss because the volume of its cable replacement business exceeded that of the normal sale operation.

REVIEW OF PRINCIPAL BUSINESS

Sound basic management and improved operation

Resources were properly integrated to enhance investment efficiency. The coordination and planning for major investment projects on locomotive cables, ultra fine cables and components were improved and directions for future development were determined. The Company continued to sort out investments, completed the preliminary work for the transfer of equity in Chengdu Peak and offered the same for sale on the Chongqing United Assets and Equity Exchange. According to the industrial planning, the Company aligned resources to the strategy for business integration of rods, optical fibres and cables by putting the operation of all joint ventures under the supervision of their respective boards of directors.

Sound basic management and improved operation (Continued)

The risk management system was further enhanced. In respect of legal affairs, the Company adhered to the principle of consulting legal advisors in writing about the formulation of significant decisions, important rules and regulations and material contracts. The Company tried to standardize its operation practices by improving management systems. The Company has set up a special debt clearance group to collect old debts by using various lawful means. The balance of the consideration for transfer of equity interest in Dongguan CDC Cable Factory, totalling RMB72.93 million, was successfully collected in full during the Year.

As there was still room for further improvement in financial management, the Company revised and perfected related systems, tightened up comprehensive budget, cost, accounts receivable and inventory management, established the systems for regular inventory analysis and reporting and urged the achievement of KPI indicators.

Focused on the building of appraisal and incentive mechanisms and the development and allocation of all types of personnel teams, the Company improved all of its systems and further perfect the human resources management system. Quantitative assessment was conducted at different levels to evaluate the performance of the management, functional departments, manufacturing plants and employees, making the appraisal more relevant and rational.

The Company strengthened technological management according to product mix adjustment. In respect of product development and technological innovation, the upgraded program-controlled cables and data cables passed the UL758 test and certification for relevant products. As for the development of wind power cables, trial production of samples was completed and passed the torsion test administered by Shanghai Electric Cable Research Institute. DC feeder cables for railways, after preliminary work for trial production was completed, was entering the stage of trial production of samples. During the Year, the Company was granted 24 patents, including 1 invention patent, 1 design patent and 22 utility model patents.

Sound basic management and improved operation (Continued)

Information technology was fully applied to facilitate management. The Company comprehensively adopted the office automation system and contract management information system of the Integrated Management Information System (IMIS) to promote the optimization of the management process and push management improvement and the industry development. The examination and approval process standardized by the contract management information system ensured that the implementation of contracts was subject to business, financial and legal assessment. Computerized management of warehouses and procurement entered the preliminary preparation stage.

Achievements and inadequacies of major projects

Completing the construction of locomotive cable accelerator project and deepening the cooperation with CSR

The production expansion plan for phase 1 of electrical equipment cables was basically finished. The production line of electric cables for rail vehicles came on stream. Irradiation accelerators went into production and an irradidation centre was established to develop processing services. The development of locomotive cables series of products was basically finished with focuses on photovoltaic cables, wind power cables and nuclear power cables. During the Year, the review of the three systems and 3C was completed and the Company passes the test on TUV photovoltaic cables and plants audit. We obtained the approval for power cables permit from Sichuan Provincial Economy and Information Commission and submitted the same to Sichuan Bureau of Quality and Technical Supervision for filing. The development of wind power cables was completed and test report was issued by Shanghai Electric Cable Research Institute. This product was in the stage of marketing.

The cooperation between the Company and CSR has made substantial progress and the Company began to deliver products to CSR Qingdao Sifang (南車青島四方) and CSR Zhuzhou Electric Locomotive Co., Ltd. In the second half of the year, the Company won the bid for the Hache project of CSR Ziyang Locomotive Works as well as the Changsha, Guangzhou, Zhengzhou and Kunming projects of Zhuzhou Electric Locomotive Works.

Pushing forward joint venture cooperations for ultra fine components through various extensive business negotiations.

REVIEW OF PRINCIPAL BUSINESS *(CONTINUED)*

Achievements and inadequacies of major projects (Continued)

We completed the upgrading of equipment technology to fulfill more product development needs and improve product quality. During the Year, 13 series of products passed UL certification and applied for product labels and construction of the project was basically finished.

The Company is eagerly looking for joint venture partners in respect of ultra fine components production and is steadily pushing forward such cooperation. We will work hard to finalise matters involved therein as soon as possible so as to enter the market earlier and achieve a significant growth in sales revenue.

FINANCIAL ANALYSIS

Turnover

During the Year, the turnover of the Group amounted to approximately RMB587,094,000, an increase of 11.7% as compared to approximately RMB525,614,000 for the year ended 31 December 2010 (the "Previous Year").

During the Year, the turnover of copper cables was approximately RMB396,366,000, an increase of 22.4% 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 RMB141,046,000; 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 RMB58,581,000.

Profit attributable to equity holders of the Company

The net profit attributable to equity holders of the Company for the Year amounted to approximately RMB66,045,000, while a net loss of approximately RMB87,035,000 was attributable to equity holders of the Company for the Previous Year.

RESULTS ANALYSIS

As at 31 December 2011, the Group's total assets were approximately RMB1,403,396,000, representing an decrease of 5.9% as compared with approximately RMB1,490,675,000 as at the end of Previous Year. Current assets amounted to approximately RMB703,749,000, accounting for 50.1% of the total assets and representing an decrease of 11.4% as compared with approximately RMB793,907,000 as at the end of Previous Year. Property, plant and equipment totalled approximately RMB328,867,000, accounting for 23.4% of the total assets and representing an increase of 19.8% as compared with approximately RMB274,493,000 as at the end of Previous Year, which was mainly attributable to the purchases of plant and equipment for locomotive cable project.

As at 31 December 2011, the Group's total liabilities amounted to approximately RMB211,716,000; liability-to-asset ratio was 15.1%; bank and other short-term loans were approximately RMB5,000,000, representing a decrease of 66.7% as compared with approximately RMB15,000,000 as at the end of Previous Year. During the Year, the Group did not arrange other capital raising activities.

As at 31 December 2011, the Group's bank deposits and cash totalled approximately RMB242,285,000, representing a decrease of 16.2% as compared with RMB289,139,000 as at the end of Previous Year.

During the Year, the Group's selling expenses, administration expenses, and finance costs amounted to approximately RMB39,264,000, RMB66,528,000 and RMB-7,267,000 respectively, representing a decrease of 6.6%, a decrease of 0.3% and a decrease of 44.6% respectively as compared with approximately RMB42,028,000, RMB66,724,000 and RMB-5,027,000 respectively in Previous Year.

As at 31 December 2011, the Group's accounts and bill receivables amounted to approximately RMB124,670,000 and RMB38,193,000 respectively, representing a decrease of 11.9% and an increase of 261.5% respectively as compared with approximately RMB141,541,000 and RMB10,564,000 respectively as at the end of Previous Year.

Analysis of Capital Liquidity

As at 31 December 2011, the Group's current assets amounted to approximately RMB703,749,000 (2010: RMB793,907,000), current liabilities were approximately RMB139,289,000 (2010: RMB160,208,000), the annual receivables turnover period was 82 days and the annual inventory turnover period was 158 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 2011, the Group's bank and other short-term loans were approximately RMB5,000,000. As the Group had comparatively sufficient bank deposits and cash with a total amount of approximately RMB242,285,000, therefore, the Group does not have short-term solvency risk.

Non-current Liabilities or Loan

As at 31 December 2011, the outstanding amount of the Group's long-term loan incurred as a result of the purchase of a French accelerator was approximately RMB8,813,000 (equivalent to approximately EUR1,080,000), which is a French government 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 RMB734,092,000 during the Year (2010: RMB692,772,000, representing an increase of RMB41,320,000).

During the Year, the Group spent approximately RMB45,908,000 (2010: RMB110,249,000, representing a decrease of approximately RMB64,341,000) on purchases of property, plant and equipment and on construction-in-progress.

As at 31 December 2011, the Group's total liabilities and non-controlling interests amounted to approximately RMB303,357,000 (2010: RMB317,253,000). The Group's interest expenses were approximately RMB998,000 for the Year (2010: RMB2,180,000).

Contingent Liabilities

As at 31 December 2011, the Group did not have any contingent liabilities (2010: Nil).

BUSINESS OUTLOOK

Set explicit goals and accomplish three major missions

Integration and restructuring

The Company will strengthen joint venture and cooperation, integrate resources and develop the industry. The Company intends to, with China PUTIAN Corporation as a participant, integrate resources and engage in comprehensive strategic cooperation with partners to break the bottleneck of fiber optical cable development and dramatically increase production capacity. We'll also introduce strategic investors when consensus is reached among all parties to integrate rods, optical fibres and cables and embark on a new pathway toward fiber optical cable development.

As a preliminary objective, the Company will put the ultra fine cables and components on the market by large volume in the first half of the year through cooperation with outside parties. We will join hands with our partners to develop the the ultra fine cables industry, capitalizing on their advantages in types of ultra fine components, market size, production technology and management experience.

BUSINESS OUTLOOK *(CONTINUED)*

Set explicit goals and accomplish three major missions *(Continued)*

Integration and restructuring (Continued)

The Company will keep tightening the management of long-term investment, properly deal with problems left over from the past. We will speed up the transfer of equity in Chengdu Peak and Gaoxin Cable and resolve the previous issues of Sichuan Dragon as soon as practicable.

Proceed with major projects

The Company will try to obtain the qualification in relation to electric equipment cables and CRCC certification from the Ministry of Railways sooner to gain an edge in its efforts to become a supplier of China CNR and enter the high-speed train market. We will enlarge our product and business scopes, develop electric cable business, continue to expand into the markets of special cables such as photovoltaic and wind power cables, make full use of the irradiation centre and fully utilize its equipment processing capacity.

As for ultra fine electronic wires and components, the Company will keep improving production process to enhance product quality and reduce production cost. We will provide sufficient technical, production and management personnel to ensure the efficient operation of production and operation.

Transform and improve efficiency of traditional products

In respect of plastic cables and program-controlled cables, the most critical problem is cost control. The Company will make more detailed profit and loss estimates, identify key problems for further improvement and exercise strict cost control to increase gross profit; on the other hand, we will make corresponding adjustment to businesses according to the change in operating strategies of telecommunication operators.

The Company will expedite technological innovation in heat shrinkable products, implement effective marketing strategy and make proper arrangement for invitation to bid and bidding. We will tignten up production process control and cost control to cut down on cost, increase market competitiveness and ensure the long-term sustainable development.

Set explicit goals and accomplish three major missions

Transform and improve efficiency of traditional products (Continued)

The Company will make sure that the existing optical fibre production lines run at full capacity while keeping cutting production cost and maintaining efficient operation with the aim of participating in the centralized procurement of domestic telecommunication operaters so as to achieve high profitability.

The Company will continue to improve the quality of feeder products, cut back raw material consumption, use flexible operating strategies to boost sales revenue. We will put more effort in market development, especially those with higher prices and returns.

Improve management to guaranttee the accomplishment of the three major missions

Tighten budget and financial management and promote sophisticated management

The Company will strengthen the central role of budgeting in the operation management and control, manage the process of budget implementation and enhance the analysis and feedback mechanism to improve operation objectives fulfilment. We will tighten up assets management and implement the accountability system for collection of payments for goods and inventory management to make sure that the proportions of accounts receivable and inventories relative to the revenue are controlled at reasonable levels while maintaining revenue growth. We will perfect the financial management system centered on basic accounting management and cost management and strive to improve financial accounting and cost control capabilities so that financial analysis can reflect the results and effects of the Company's operation strategies on an appropriate and timely basis.

Improve management to guarantee the accomplishment of the three major missions *(Continued)*

Improve the internal control mechanism and enhance risk management

The Company will further better the internal control mechanism by conducting thorough and comprehensive risk assessment and delegating specific risk control responsibilities. We will strengthen internal audit and special audit and conduct follow-up review of rectifications. We will further step up effort for corporate legal affairs management. Corporate general legal consulting system will be established and optimized under which legal review will be applied toward all corporate systems, economic contracts and important decisions, so as to effectively control legal risks. More effort will be put into the tracking, analysis, examination and appraisal of KPI implementation. We'll combine legal, audit and monitoring measures to strengthen audit and supervision of major decisions, material projects and significant matters as well as the supervision and review of the implementation of important regulations and systems. We will improve the functions of the Board, the supervisory committee and the audit committee and give full play to the role of the Board and the supervisory committee.

Innovate performance appraisal and incentive mechanisms and enhance HR management efficiency

The Company will focus on innovating performance appraisal and incentive mechanisms and promoting professional capabilities training and management team building to improve HR management efficiency and provide sufficient human resources for the Company's development and industrial transformation and upgrading. We will establish a sound performance appraisal system for all employees holding different posts and engaging in different types of work, using more reasonable and proper evaluation approaches to improve the precision and accuracy of the appraisal. We will set up a mechanism to guarantee the reasonable and normal increase of employees' remuneration in light of the market and industry level so as to improve the attractiveness of the Company to potential employees. We will provide more training for all professional personnel and improve training quality and effect to comprehensively increase the professional capabilities of cadres and employees. We aim at expanding the abilities of the middle and higher level management for goal setting, correct decision making, efficient implementation and enthusiastic entrepreneurship to build a middle management team with outstanding professional capabilities and extensive operation and management experience.

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 contribution amounting to approximately RMB2,341,300 in the Year (2010: RMB1,690,900). 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

In accordance with related requirements of the Administrative Measures with regard to the Recognition of High-tech Enterprises (《高新技術企業認定管理辦法》) (Guo Ke Fa Huo [2008] No. 172) and the Administrative Guidance with regard to the Recognition of High-tech Enterprises (《高新技術企業認定管理工作指引》) (Guo Ke Fa Huo [2008] No. 362) and Chuan Gao Qi Ren [2011] No. 4 issued by the High-tech Enterprise Accreditation Management Team of Sichuan, the Company and its subsidiaries Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant, Chengdu SEI Optical Fiber Co., Ltd., and Chengdu MCIL Radio Communications Cable Co., Ltd. are recognised as High-tech enterprises and entitled to a preferential tax rate of 15% for High-tech enterprises.

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 (2010: 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 against 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 delinquency or default and their financial viability.

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 management's expectation and the Group will continue to monitor the collections from customers and maintain an appropriate level of credit losses. The Group did not hold any collateral from its customers.

The Group has no concerns over 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 unnecessary 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 also monitors the adequacy 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 of H shares hold 160,000,000 shares, representing 40% of the issued share capital of the Company.

2. Shareholdings of the directors and supervisors

As at 31 December 2011, 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 2011, 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 2011, 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 2011 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 2011 (2010: 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 for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules during the Year.

AUDIT COMMITTEE OF THE BOARD ("AUDIT COMMITTEE")

The 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, 22 June 2012 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 2011 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 23 May 2012 to 22 June 2012 (both dates inclusive), during which period no transfer of shares will be registered.

In order to qualify for attending and voting at the 2011 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 23 May 2012.

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, 27 March 2012

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*