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)

2012 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 2012 (the "**Year**") together with comparative figures for the corresponding period of 2011 as follows:

* *For identification purposes only*

CONSOLIDATED INCOME STATEMENT

Made by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

For the year 2012

Monetary unit: RMB YUAN

Item		*Note*	**Current year**	Prior year
I.	**Total operating income**		**498,057,297.73**	587,094,326.94
	Operating income	*V.4*	**498,057,297.73**	587,094,326.94
	Interest income			
	Insurance premiums earned			
	Charges and commissions income			
II.	**Total operating costs**		**576,603,273.08**	655,298,938.98
	Operating costs	*V.4*	**465,464,981.96**	560,488,874.71
	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	*V.5*	**2,675,452.92**	2,070,144.94
	Selling expenses	*V.6*	**32,613,638.73**	39,263,632.25
	Administration expenses	*V.7*	**81,212,625.13**	66,528,031.97
	Finance costs	*V.8*	**-4,765,164.61**	-7,267,180.76
	Assets impairment loss		**-598,261.05**	-5,784,564.13
	Add: Changing income of fair value			
	Gain/(losses) on investment		**-7,957,199.23**	-3,459,922.23
	Including: Losses on investment of associates and jointly controlled entities		**-16,957,923.46**	-7,070,051.85
	Exchange gains/(losses)			
III.	**Operating profit/(loss)**		**-86,503,174.58**	-71,664,534.27
	Add: Non-operating income		**4,913,743.27**	16,311,692.27
	Including: Gain on disposal of non-current assets		**-118,326.67**	1,027,194.81
	Less: Non-operating expenses		**1,598,913.27**	1,156,160.30
IV.	**Total profit/(loss)**		**-83,188,344.58**	-56,509,002.30
	Less: Income tax expenses	*V.9*	**5,351,822.79**	7,224,378.77

CONSOLIDATED INCOME STATEMENT *(CONTINUED)*

Made by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

For the year 2012

Monetary unit: RMB YUAN

Item	*Note*	**Current year**	Prior year
V. Net profit/(loss)		**-88,540,167.37**	-63,733,381.07
Net profit attributable to parent company's shareholders		**-97,714,018.36**	-66,044,837.54
Minority interests		**9,173,850.99**	2,311,456.47
VI. Earnings per share:			
(i) Basic earning per share (RMB/share)	*VI.2*	**-0.24**	-0.17
(ii) Diluted earning per share (RMB/share)	*VI.2*	**-0.24**	-0.17
VII. Other comprehensive income	*V.11*	**-559,041.60**	-5,409,549.60
VIII. Total comprehensive income		**-89,099,208.97**	-69,142,930.67
Total comprehensive income attributable to parent company's shareholders		**-98,273,059.96**	-71,454,387.14
Total comprehensive income attributable to minority interests		**9,173,850.99**	2,311,456.47

CONSOLIDATED BALANCE SHEET

Made by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

31 December 2012

Monetary unit: RMB YUAN

Item	*Note*	End of year	Beginning of year
Current assets:			
Cash and bank balances		**219,904,310.13**	242,284,772.64
Reserved deposits			
Loans to other banks			
Transactional financial assets			
Bills receivable	*V.1*	**51,453,086.64**	38,193,476.74
Accounts receivable	*V.2*	**100,375,592.35**	124,670,185.05
Prepayments		**3,552,218.93**	2,657,646.11
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance accounts receivable reserve			
Interest receivable			
Dividends receivable			
Other receivables		**27,305,810.79**	32,614,916.10
Financial assets purchased under resale agreements			
Inventories		**209,386,655.70**	263,327,508.31
Non-current assets due within one year			
Other current assets		**153,945.60**	
Total current assets		**612,131,620.14**	703,748,504.95

CONSOLIDATED BALANCE SHEET *(CONTINUED)*

Made by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

31 December 2012

Monetary unit: RMB YUAN

Item	*Note*	End of year	Beginning of year
Non-current assets:			
Loans to others and advances			
Available-for-sale financial assets		**13,463,424.00**	14,121,120.00
Held-to-maturity investment			
Long-term accounts receivable			
Long-term equity investments		**232,584,011.22**	204,541,934.69
Investment property		**3,218,586.22**	2,992,841.32
Fixed assets		**386,065,150.35**	325,874,374.80
Construction in progress		**11,523,787.59**	93,706,380.86
Construction material			
Disposal of fixed assets			
Productive biological assets			
Oil and gas			
Intangible assets		**37,612,043.22**	39,659,991.93
Development cost			
Goodwill			
Long-term prepaid expenses			
Deferred tax assets		**18,273,494.72**	18,751,025.08
Other non-current assets			
Total non-current assets		**702,740,497.32**	699,647,668.68
Total assets		**1,314,872,117.46**	1,403,396,173.63

CONSOLIDATED BALANCE SHEET *(CONTINUED)*

Made by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

31 December 2012

Monetary unit: RMB YUAN

Item	*Note*	End of year	Beginning of year
Current liabilities:			
Short term loans		**11,000,000.00**	5,000,000.00
Borrowings from central bank			
Deposits taking and inter-bank deposits			
Loans from others			
Transactional financial liabilities			
Bills payable			
Accounts payable	*V.3*	**66,971,873.01**	87,050,210.78
Receipt in advance		**7,233,688.39**	9,207,453.91
Financial assets sold under repurchase agreement			
Charges and commission payable			
Staff remuneration payables		**19,601,726.69**	20,033,557.16
Tax payable		**-19,360,945.98**	-25,459,804.87
Interest payable			366,260.00
Dividend payable			
Other payables		**44,490,589.46**	43,091,435.30
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		**129,936,931.57**	139,289,112.28

CONSOLIDATED BALANCE SHEET *(CONTINUED)*

Made by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

31 December 2012

Monetary unit: RMB YUAN

Item	*Note*	**End of year**	Beginning of year
Non-current liabilities:			
Long-term loans		**8,980,918.20**	8,813,449.17
Bonds payable			
Long-term payables			
Designate accounts payable			
Provision			
Deferred tax liabilities		**1,610,313.60**	2,221,665.93
Other non-current liabilities		**83,835,323.48**	71,392,191.30
Total non-current liabilities		**94,426,555.28**	82,427,306.40
Total liabilities		**224,363,486.85**	221,716,418.68
Equity:			
Share capital		**400,000,000.00**	400,000,000.00
Capital reserve		**660,378,754.32**	659,009,711.28
Less: treasury shares			
Special reserve			
Surplus reserve		**8,726,923.61**	8,726,923.61
General risk reserve			
Retained earnings		**-65,411,028.78**	32,302,989.58
Translation reserve			
Total equity attributable to the equity holders of the Company		**1,003,694,649.15**	1,100,039,624.47
Minority interest		**86,813,981.46**	81,640,130.48
Total equity		**1,090,508,630.61**	1,181,679,754.95
Total liabilities and equity		**1,314,872,117.46**	1,403,396,173.63

CONSOLIDATED CASH FLOW STATEMENT

Made by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

For the year 2012

Monetary unit: RMB YUAN

Item	*Note*	**Current year**	Prior year
I. Cash flow from operating activities:			
Cash receives from sale of goods or rendering of services		**507,277,798.38**	587,351,465.17
Net increase in deposit of customers and interbank deposit			
Net increase in borrowing from the central bank			
Net increase in loans from other financial institutions			
Premium received for insurance contracts			
Premium received for reinsurance contracts			
Increase in reserve fund			
Increase in transactional monetary funds			
Interest, charges and commission received			
Deposits taking			
Increase in repurchase fund			
Tax refund			669,018.66
Other cash receives from activities related to operation		**78,372,825.92**	55,207,081.48
Sub-total of cash inflow from operating activities		**585,650,624.30**	643,227,565.31
Cash paid to purchase goods and services		**363,068,492.52**	537,437,878.36
Net increase in loans and advances from customers			
Net increase in deposits with central bank and inter-bank			
Compensation paid for insurance contract			
Interest, handling charges and commission paid			
Bonus payment for insurance contract			
Cash paid to and on behalf of employees		**69,650,201.72**	60,601,811.93
Cash paid for all types of taxes		**23,179,346.25**	25,681,100.34
Other cash paid for activities related to operation		**109,147,265.35**	110,371,677.52
Sub-total of cash outflow from operating activities		**565,045,305.84**	734,092,468.15
Net cash flow from operating activities		**20,605,318.46**	-90,864,902.84

CONSOLIDATED CASH FLOW STATEMENT *(CONTINUED)*

Made by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

For the year 2012

Monetary unit: RMB YUAN

Item	*Note*	**Current year**	Prior year
II. Cash flow from investment activities:			
Cash received from investments			35,000,000.00
Cash received from return of investment			89,945.20
Net cash received from return of fixed assets, intangible assets and other long-term assets		**3,361,828.45**	18,873,581.00
Net cash received from disposal of subsidiaries and other business units		**18,200,000.00**	86,780,000.00
Other cash received from activities related to investment			
Sub-total of cash inflow from investment activities		**21,561,828.45**	140,743,526.20
Cash paid for acquisition of fixed assets,intangible assets and other long-term assets		**19,598,244.25**	45,908,379.30
Cash paid for acquisition of investment		**45,000,000.00**	38,850,000.00
Increase insecured loans			
Acquisition of net cash from subsidiaries and other business units			
Other cash paid for activities related to investment			
Sub-total of cash outflow from investment activities		**64,598,244.25**	84,758,379.30
Net cash flow from investment activities		**-43,036,415.80**	55,985,146.90

CONSOLIDATED CASH FLOW STATEMENT *(CONTINUED)*

Made by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

For the year 2012

Monetary unit: RMB YUAN

Item	*Note*	**Current year**	Prior year
III. Cash flow from financing activities			
Cash received from investment			
Including: Cash received from subsidiary company absorbing minority's investment			
Proceeds from loans		**11,000,000.00**	6,000,000.00
Cash received from bonds issued			
Other cash received from activities related to financing			
Sub-total of cash inflow from financing activities		**11,000,000.00**	6,000,000.00
Repayment of loans		**5,000,000.00**	16,000,000.00
Cash paid for dividends, profit, or interest payments		**5,933,014.79**	1,709,967.80
Including: Dividend and profits paid to minority shareholders of the subsidiaries		**4,000,000.00**	900,000.00
Other cash paid relating to operating services financing activities			20,000.00
Sub-total of cash outflow from financing activities		**10,933,014.79**	17,729,967.80
Net cash flow from financing activities		**66,985.21**	-11,729,967.80
IV. Effect of foreign exchange rate changes on cash and cash equivalents		**-16,350.38**	-244,553.95
V. Net increase in cash and cash equivalents		**-22,380,462.51**	-46,854,277.69
Add: beginning balance of cash and cash equivalents		**242,284,772.64**	289,139,050.33
VI. Ending balance of cash and cash equivalents		**219,904,310.13**	242,284,772.64

NOTES TO THE FINANCIAL STATEMENTS

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 RMB400,000,000 of which: China PUTIAN Corporation holds RMB240,000,000 representing 60% of the total shares; public shareholders hold RMB160,000,000 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: general administrative department, finance department, audit department, human resources department, China Communist Party Committee, quality control department, production safety department, investment department, engineering department, cable technology department and laboratory testing centre. Currently, the Company has 3 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, Chengdu, Sichuan Province, the PRC

Legal representative: Zhang Xiaocheng

Scope of business: electric wire and cable, fiber optic cable, cable special materials, irradiation processing, cable accessories, special equipment, equipment and different kinds of information industrial products (except categories restricted or prohibited by the State), devices and equipment technology research and development, product manufacturing, sales and service, and the import and export and wholesale, retail, commission agent (except by auction) of similar commodities as the above products; domestically purchased products (except specified goods) wholesale, retail, commission agent (except by auction), technical consulting and technical service.

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. On 5 November 2008, the Company changed its registered address on its business license.

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 2012 were prepared under the requirements of Accounting Standards for Business Enterprises, and truly and completely reflect the Company's financial position as of 31 December 2012 and the operating results, cash flows and other relevant information for the year 2012.

III. TAXES

1. Major taxes and tax rates

Major taxes	Basis of assessment	Rate
Enterprise income tax	Taxable income	15%
Value-added tax	Value added amount	17%
Business tax	Service revenue, value-added taxes and transferred amount	5%
City maintenance and construction tax	Goods turnover tax actually paid	5%/7%
Education surcharges	Goods turnover tax actually paid	3%
Supplementary food regulation surcharge	Sales revenue and rental income	0.07%
Local education surcharges	Goods turnover tax actually paid	2%
Property tax	The net book value of property or rental income from property	1.2%/12%
Urban and township land use tax	The actual area of land occupied	RMB6 per square meter
Individual income tax	Taxable income of individual	3%-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% for a period of three years.

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 Parent 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 periods 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.

Details of the subsidiaries:

Subsidiaries obtained through set-up or investment

Name of subsidiaries	**Type of subsidiaries**	**Registered address**	**Registered capital** *(RMB in ten thousand)*	**Principal activities and scope of operation**	**Paid-in capital at the end of the period** *(RMB in ten thousand)*	**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	2,252.00	Manufacture and sale of heat-shrink cable joining sleeves, cold-shrink cable, electric wire and cable and accessories	1,501.34	
Chengdu SEI Optical Fiber Co., Ltd	Limited company	The westpark of Hi-tech Development Zone, Chengdu	USD1,375.00	Manufacture and sale of optical fiber and related material	7,042.48	
Chengdu MCIL Radio Communications Co., Ltd	Limited company	The westpark of Hi-tech Development Zone, Chengdu	8,210.00	Manufacture and sale of copper cables, parts and components for wireless telecommunications system network	7,270.28	

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	20,544,196.85		
Chengdu SEI Optical Fiber Co., Ltd.	60.00	60.00	Yes	64,161,536.22		
Chengdu MCIL Radio Communications Co., Ltd.	96.67	100.00	Yes	2,108,247.39		

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	**50,740,279.70**	34,512,368.07
Commercial acceptance bills	**712,806.94**	3,681,108.67
Total	**51,453,086.64**	38,193,476.74

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

V. NOTES TO MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

2. Accounts receivables

(1) Categories of accounts receivables are set out below

	End of the year			
	Carrying amount		Provision for bad debts	
Category	**Amount**	**Percentage** *(%)*	**Amount**	**Percentage** *(%)*
1. Individually 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 portfolio basis				
— Provision for bad debts is made according to aging analysis	126,130,291.26	87.50	25,754,698.91	20.42
3. Individually insignificant receivables of which provision for bad debts is made on an individual basis	18,020,783.38	12.50	18,020,783.38	100.00
Total	144,151,074.64	100.00	43,775,482.29	30.37

	Beginning of the year			
	Carrying amount		Provision for bad debts	
Category	Amount	Percentage *(%)*	Amount	Percentage *(%)*
1. Individually 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 portfolio basis				
— Provision for bad debts is made according to aging analysis	151,795,159.03	89.19	27,345,849.03	18.01
3. Individually 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	26.75

V. NOTES TO MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

2. Accounts receivables *(Continued)*

(1) Categories of accounts receivables are set out below (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 amount	Percentage (%)	Provision for bad debts
Within 1 year	**88,213,547.92**	**69.94**		93,380,731.15	61.52	
1–2 years	**7,533,719.17**	**5.97**	**775,976.94**	30,191,331.86	19.89	3,019,133.19
2–3 years	**7,857,561.99**	**6.23**	**2,338,925.63**	4,814,391.71	3.17	1,444,317.51
3–5 years	**2,027,919.84**	**1.61**	**1,762,229.55**	2,631,529.91	1.73	2,105,223.93
Over 5 years	**20,497,542.34**	**16.25**	**20,877,566.80**	20,777,174.40	13.69	20,777,174.40
Total	**126,130,291.26**	**100.00**	**25,754,698.91**	151,795,159.03	100.00	27,345,849.03

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

Name	End of the year	Provision for bad debts	Percentage (%)	Reason for 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 18,020,783.38, 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) Top five accounts receivables

Name	Relationship with the Company	Amount	Age	Percentage of total accounts receivables (%)
1. ZTE Kangxun Telecom Company Limited	Not related party	8,236,808.87	Within 1 year	5.71
2. CSR Investment Leasing Co., Ltd.	Not related party	7,707,801.69	Within 1 year	5.35
3. China Mobile Group Henan Company Limited	Not related party	6,434,938.35	Within 1 year	4.46
4. Jiangsu Ronglian Technology Company	Not related party	5,997,757.25	Within 1 year	4.16
5. KAB Kableprektion AB	Not related party	2,058,597.74	3–5 years	1.43
Total		30,435,903.90		21.11

3. Accounts payables

(1) Aging analysis of accounts payables is set out below

Item	**End of the year**		Beginning of the year	
	Amount	**Percentage (%)**	Amount	Percentage (%)
Within 1 year	**56,916,218.07**	**84.99**	77,077,562.69	88.54
1–2 years	**8,277,057.31**	**12.36**	3,923,779.00	4.51
2–3 years	**450,344.45**	**0.67**	2,367,439.75	2.72
Over 3 years	**1,328,253.18**	**1.98**	3,681,429.34	4.23
Total	**66,971,873.01**	**100.00**	87,050,210.78	100.00

V. NOTES TO MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

3. Accounts payables *(Continued)*

(2) Accounts payables denominated in foreign currencies

	End of the year			Beginning of the year		
Foreign currency	**Amount**	**Exchange rate**	**RMB**	Amount	Exchange rate	RMB
US dollars	**2,133,019.03**	**6.2855**	**13,407,091.11**	2,622,045.02	6.3009	16,521,243.47
Total	**2,133,019.03**		**13,407,091.11**	2,622,045.02		16,521,243.47

Note 1: At the end of the period, there was no accounts payables to any counterparty holding 5% or more of the Company's voting shares.

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

4. Operating income and operating costs

(1) Details of operating income are as follows:

Item	**Current year**	Prior year
Income from principal operations	**471,814,359.20**	545,722,408.33
Other operating income	**26,242,938.53**	41,371,918.61
Total operating income	**498,057,297.73**	587,094,326.94

(2) Details of operating costs are as follows:

Item	**Current year**	Prior year
Costs for principal operations	**414,569,539.04**	495,784,571.71
Other operating costs	**50,895,442.92**	64,704,303.00
Total operating costs	**465,464,981.96**	560,488,874.71

V. NOTES TO MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

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

(3) Analysis of principal operations by products is set out below

	Current year		Prior year	
Name of products	**Income from principal operations**	**Costs for principal operations**	Income from principal operations	Costs for principal operations
Plastic cable	**4,679,381.72**	**3,830,082.42**	32,060,457.87	32,213,584.60
Programme-controlled cable	**10,267,909.74**	**18,428,990.72**	48,401,241.71	57,608,903.10
Locomotive cable	**12,436,473.31**	**16,885,806.97**	6,186,471.27	7,802,438.45
Purchased cable and accessories	**73,664,722.33**	**80,835,773.41**	83,951,642.48	83,362,589.23
Heat shrinkable products	**52,970,971.54**	**46,635,547.64**	57,510,036.61	52,135,701.77
Wire feed cable	**124,841,396.74**	**106,108,817.09**	134,220,285.16	118,995,791.06
Optical fibre	**165,999,173.26**	**116,495,284.36**	140,280,038.00	103,907,881.43
Other cables	**26,954,330.56**	**25,349,236.43**	43,112,235.23	39,757,682.07
Total	**471,814,359.20**	**414,569,539.04**	545,722,408.33	495,784,571.71

Note: Other cables mainly include nano-coaxial cable, data cable, steel alloy belt, aluminum alloy belt etc.

(4) Analysis of principal operations by regions is set out below

	Current year		Prior year	
Regions	**Income from principal operations**	**Costs for principal operations**	Income from principal operations	Costs for principal operations
Northern China	**22,850,820.93**	**18,351,127.97**	67,613,223.37	51,458,529.97
Eastern China	**78,082,413.99**	**66,408,446.68**	157,079,730.93	134,373,317.98
Southern China	**20,333,899.10**	**16,462,913.10**	24,745,721.74	20,574,934.58
Central China	**105,632,193.94**	**123,080,389.03**	154,870,330.34	161,058,159.78
Southwestern China	**240,093,561.46**	**186,134,766.42**	114,791,095.85	110,628,103.05
Northwestern China	**1,611,520.84**	**1,309,181.04**	23,818,016.47	15,609,864.05
Overseas	**3,209,948.94**	**2,822,714.80**	2,804,289.63	2,081,662.30
Total	**471,814,359.20**	**414,569,539.04**	545,722,408.33	495,784,571.71

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

V. NOTES TO MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

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

(5) Operating income from the top five customers

Item	Operating income	Proportion (%)
1. ZTE Kangxun Telecom Co., Ltd	82,872,708.69	17.56
2. Leoni Special Cable (Changzhou) Co., Ltd	45,091,596.61	9.56
3. Chengdu CCS Optical Fibre Cable Co., Ltd	19,759,269.27	4.19
4. China Mobile Group Chongqing Company Limited	15,830,722.22	3.36
5. Jiangsu Ronglian Technology Company	13,255,366.88	2.81
Total	176,809,663.67	37.47

5. Business tax and surcharges

Item	Bases	Current year	Prior year
Business tax	5%	**441,961.07**	379,016.74
City construction tax	5%, 7%	**855,045.50**	667,290.44
Education surcharges	3%	**551,321.04**	307,112.36
Local education surcharges	2%	**91,355.85**	201,544.77
Property tax	1.2%, 12%	**625,743.47**	411,920.62
Price regulation fund	0.07%	**110,025.99**	103,260.01
Total		**2,675,452.92**	2,070,144.94

6. Selling expenses

Item	Current year	Prior year
Staff salaries	**4,720,523.93**	4,432,157.77
Transportation cost	**9,787,042.11**	13,130,171.72
Packing expenses	**4,673,390.57**	5,064,506.47
Business expenses	**9,075,959.05**	11,323,987.37
Advertising	**380,000.00**	2,086,587.91
Office and traveling expenses	**1,687,823.86**	1,371,093.58
Others	**2,288,899.21**	1,855,127.43
Total	**32,613,638.73**	39,263,632.25

V. NOTES TO MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

7. Administration expenses

Item	Current year	Prior year
Staff salaries	**21,634,494.07**	17,333,674.96
Social securities	**5,950,349.05**	7,619,632.04
Depreciation and amortization	**8,106,277.43**	6,465,473.11
Business entertainment	**2,275,204.03**	1,450,116.05
Office and traveling expenses	**4,636,907.90**	3,072,631.88
Research and development costs	**5,105,282.58**	6,738,141.25
Taxes	**3,589,698.71**	4,645,468.98
Agency fee	**3,141,284.27**	5,748,055.06
Transport repairs and maintenance	**2,354,190.15**	5,172,527.30
Water and electricity	**5,303,468.79**	3,913,630.70
Loss from work suspension	**12,242,262.72**	
Others	**6,873,205.43**	4,368,680.64
Total	**81,212,625.13**	66,528,031.97

8. Finance costs

Item	Current year	Prior year
Interest expenses	**586,234.98**	997,871.93
Less: Interest income	**5,933,014.79**	7,466,249.20
Exchange losses	**186,982.74**	
Less: Exchange gain		1,138,722.12
Bank charges	**394,632.46**	339,918.63
Total	**-4,765,164.61**	-7,267,180.76

9. Income tax expense

Item	Current year	Prior year
Income tax expense for the year according to tax laws and related regulations	**5,358,243.97**	3,793,853.13
Adjustment for deferred tax	**-6,421.18**	3,430,525.64
Total	**5,351,822.79**	7,224,378.77

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 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 attributable to ordinary shareholders of the Company (I)	P0	**-97,714,018.36**	-66,044,837.54
Net profit, after deduction of non-operating profit and loss items, attributable to ordinary shareholders of the Company (II)	P0	**-101,070,616.99**	-85,110,994.16
Total shares at the beginning of the year	S0	**400,000,000**	400,000,000
Additional shares from capitalization 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 financial year	M0	**12**	12
Number of months from the month following the increase in shares to the end of the year	Mi		
Number of months from the month following 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)		**-0.24**	-0.17
Basic earnings per share (II)		**-0.25**	-0.21
Adjusted net profit for the year attributable to ordinary shareholders (I)	P1	**-97,714,018.36**	-66,044,837.54
Adjusted net profit, after deduction of non-operating profit and loss items, attributable to ordinary shareholders (II)	P1	**-101,070,616.99**	-85,110,994.16
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)		**-0.24**	-0.17
Diluted earnings per share (II)		**-0.25**	-0.21

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

Where “P0” represents net profit or loss after deduction of non-operating profit and loss 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 capitalisation 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 financial 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.

(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 deduction of non-operating profit and loss 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 per share, the Company has taken into account all the effect from dilutive potential ordinary shares on the net profit or loss after deduction of non-operating profit and loss 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 share according to the magnitude of their impact in an descending 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	**-559,041.60**	-5,409,549.60
Less: Tax effect on available-for-sale financial assets		
Net amount recognized in profit and loss in current year, which was recognized as other comprehensive income in previous year		
Subtotal	**-559,041.60**	-5,409,549.60
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 recognized in profit and loss in current year, which was recognized as other comprehensive income in previous year		
Subtotal		
3. Gain or loss from cash flow hedge forward contracts		
Less: Tax effect of cash flow hedge forward contracts		
Net amount recognized in profit and loss in current year, which was recognized as other comprehensive income in previous year		
Adjustment on initial recognition upon transfer to hedged items		
Subtotal		
4. Exchange difference arising from translations of financial statements denominated in foreign currency		
Less: Transfer to profit and loss in the current year upon disposal of foreign operations		
Subtotal		
5. Others		
Less: Tax effect of other items recognized in other comprehensive income		
Net amount recognized in profit and loss in current year, which was recognized as other comprehensive income in previous year		
Subtotal		
Total	**-559,041.60**	-5,409,549.60

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

XII. SUPPLEMENTARY INFORMATION

1. Details of non-operating profit and loss items during 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	-118,326.67	
2. Tax rebate or reduction approved by incompetent authorities, without official approval documents or on an occasional basis		
3. Government grants accounted for in profit and loss for the year (excluding those closely related to the business of the entity, government grants entitled according to the national standards or amounts)	2,996,276.18	
4. Capital occupation fee received from non-financial institutions and recognized in profit and loss for the year	642,145.78	
5. Investment income from the difference between investment costs in subsidiaries, associates and jointly controlled entities and the Company's share in fair values of the net identifiable assets of the investees		
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 and loss from debt restructuring		
10. Enterprise restructuring costs		
11. Profit and 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 and loss arising from combination of businesses under common control		
13. Profit and loss arising from contingencies not related to the principal operations of the Company		
14. Investment income obtained from changes in fair values of trading financial assets and trading financial liabilities generated other than held for hedging and disposal of trading financial assets, trading financial liabilities and available-for-sale financial assets		
15. Reversal of impairment provision of receivables on an individual assessment basis		

XII. SUPPLEMENTARY INFORMATION *(CONTINUED)*

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

Item	Amount	Note
16. Profit and loss from entrusted loans		
17. Profit and loss arising from changes in fair value of investment property using fair value model on subsequent measurement		
18. One-time adjustment to current year profit and loss according to tax and accounting laws and regulations		
19. Entrusted fee income obtained from entrusted operations		
20. Other non-operating income/expenses other than the above items	436,880.49	
21. Other profit and loss items that fall into the definition of non-recurring profit and loss		
22. Effect of minority interest	-706,381.15	
23. Effect of income tax	106,004.00	
Total	3,356,598.63	

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 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"), return on net assets and earnings per share are calculated as follows:

(1) Current year

Profit for the year	Return on weighted average net assets *(%)*	Earnings per share: Basic earnings per share	Earnings per share: Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	-9.30	-0.24	-0.24
Net profit, after deduction of non-operating profit and loss items, attributable to ordinary shareholders of the Company	-9.63	-0.25	-0.25

(2) Prior year

Profit for the year	Return on weighted average net assets *(%)*	Earnings per share: Basic earnings per share	Earnings per share: Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	-5.79	-0.17	-0.17
Net profit, after deduction of non-operating profit and loss items, attributable to ordinary shareholders of the Company	-7.46	-0.21	-0.21

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF PRINCIPAL BUSINESS

Decline in turnover affected by industry factors

1. Affected by the decrease in the scale of purchase of plastic cables by the telecommunications industry and the significant increase of the cable replacement business, the production and sales volume of plastic cables decreased significantly.

2. Due to the failure to obtain CRCC certification, slow progress in market expansion for major projects and limitation of subway products being unable to enter the national railway market, resulted in small market share and low sales revenue.

Restructuring of optical fibers and optical cables business substantially completed

Potevio Fasten Optical Communications Co., Ltd. was established in November 2012. It facilitated the independent development of high value-added and high-tech optical wand business. It also laid a solid foundation for the establishment of the large-scale efficient optical fiber and optical cable business and the complete industrial chain of optical wands, optical fibers and optical cables.

Unsatisfactory progress of major projects

The sales revenue of electrical equipment cables as at the end of November 2012 was far below KPI indicator. To accelerate project expansion, the Company established the electrical equipment cable business unit and appointed a new general manager for the said business unit through internal selection in December 2012.

As for ultra fine electronic wires and components, the joint venture matters scheduled to be completed in the first half of 2012 were not achieved due to various reasons. Given the current development of ultra fine electronic wires and components, the Company temporarily suspended the component business in early July and focused on studying the development direction of ultra fine electronic wires.

Slow progress of traditional product transformation

Since operators have expedited the replacement of copper cables by optical cables, unprecedentedly and significantly reduced the purchase of local cables and replaced the majority of the copper cables, the market of plastic cables shrunk sharply and the replacement business incurred substantial loss. The Company held several telecommunication cable analysis meetings and established a temporary cost analysis group in the first half of the year. Based on the cost analysis results, the Company strictly controlled the production of plastic cables in the second half of the year.

Improvement of general management

The Company strengthened and emphasized comprehensive budget management. Since the beginning of the third quarter, the Company has implemented comprehensive budget management on the electrical equipment cable plant, composite belt plant, Chengdu MCIL and heat shrinkable product plant. An internal budget meeting was held to enquire about the 2013 budget of different units of the Company for stringent expense control.

The Company enhanced its internal control through the implementation of overall risk control. The third three-year goal was set for legal work. Legal affairs were transferred to the audit department to optimize contract approval procedure and strengthen the management of contract approval and authorisation of execution. All contracts were subject to legal review. The Company further improved and strictly implemented its regulations and rules.

The Company continued to adjust its investments, actively proceeding with disposing of non-quality assets. The Company transferred its subsidiary, Chengdu Gaoxin Cable Co., Ltd, through internet bidding to an independent third party, Sichuan Heyin Property Co., Ltd, at a consideration of RMB18.2 million. The said transaction was completed in November 2012. The board composition of each joint venture was re-adjusted to closely monitor their operation, such as the relocation of Shuangliu Heat Shrinkable, operation of Chengdu SEI and future development.

The Company strengthened the performance evaluation. The electrical equipment cable plant, composite belt plant, Chengdu MCIL and heat shrinkable product plant were the first batch of companies to adopt the performance evaluation system based on operating results. The Company adjusted its organizational structure in line with its business unit reform. It established the first locomotive cable business unit. In addition, the Company appointed certain middle management members through internal selection.

FINANCIAL ANALYSIS

Turnover

During the Year, the turnover of the Group amounted to approximately RMB498,057,297.73, representing a decrease of 15.17% as compared to approximately RMB587,094,326.94 for the year ended 31 December 2011 (the "Previous Year").

During the Year, the turnover of copper cables was approximately RMB288,426,359.24, representing a decrease of 27.23% as compared with the Previous Year. Chengdu SEI Optical Fiber Co., Ltd ("Chengdu SEI"), a company in which the Company owns 60% equity interest, recorded a turnover of optical fiber of approximately RMB166,946,143.37; 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 RMB53,733,459.68; Chengdu MCIL Radio Communications Cable Co., Ltd. ("Chengdu MCIL"), a company in which the Company owns 96.67% equity interest, recorded a turnover of wire feed cable of approximately RMB125,828,706.97.

Net loss attributable to equity holders of the Company

The net loss attributable to equity holders of the Company for the Year amounted to approximately RMB97,714,018.36, while a net loss of approximately RMB66,044,837.54 was attributable to equity holders of the Company for the Previous Year.

RESULTS ANALYSIS

As at 31 December 2012, the Group's total assets were approximately RMB1,314,872,117.46, representing a decrease of 6.31% as compared with approximately RMB1,403,396,173.63 as at the end of Previous Year. Current assets amounted to approximately RMB612,131,620.14, accounting for 46.55% of the total assets and representing a decrease of 13.02% as compared with approximately RMB703,748,504.95 as at the end of Previous Year. Property, plant and equipment totalled approximately RMB389,283,736.57, accounting for 29.61% of the total assets and representing an increase of 18.37% as compared with approximately RMB328,867,216.12 as at the end of Previous Year, which was mainly attributable to the constructions in progress and sporadic acquisitions of fixed assets

As at 31 December 2012, the Group's total liabilities amounted to approximately RMB224,363,486.85; liability-to-asset ratio was 17.06%; bank and other short-term loans were approximately RMB11,000,000.00, representing an increase of 120.00% as compared with approximately RMB5,000,000.00 as at the end of Previous Year. During the Year, the Group did not arrange other capital raising activities.

As at 31 December 2012, the Group's bank deposits and cash totalled approximately RMB219,904,310.13, representing a decrease of 9.24% as compared with RMB242,284,772.64 as at the end of Previous Year.

During the Year, the Group's selling expenses, administration expenses, and finance income amounted to approximately RMB32,613,638.73, RMB81,212,625.13 and RMB4,765,164.61 respectively, representing a decrease of 16.94%, an increase of 22.07% and a decrease of 34.43% respectively as compared with approximately RMB39,263,632.25, RMB66,528,031.97 and RMB7,267,180.76 respectively in Previous Year.

As at 31 December 2012, the Group's accounts and bill receivables amounted to approximately RMB100,375,592.35 and RMB51,453,086.64 respectively, representing a decrease of 19.49% and an increase of 34.72% respectively as compared with approximately RMB124,670,185.05 and RMB38,193,476.74 respectively as at the end of Previous Year.

Analysis of Capital Liquidity

As at 31 December 2012, the Group's current assets amounted to approximately RMB612,131,620.14 (2011: RMB703,748,504.95), current liabilities were approximately RMB129,936,931.57 (2011: RMB139,289,112.28), the annual receivables turnover period was 81.33 days and the annual inventory turnover period was 182.80 days. The above data indicates that the Company 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 2012, the Group's bank and other short-term loans were approximately RMB11,000,000.00. As the Group had comparatively sufficient bank deposits and cash with a total amount of approximately RMB219,904,310.13, therefore, the Group does not have short-term solvency risk.

Non-current Liabilities or Loan

As at 31 December 2012, the outstanding amount of the Group's long-term loan incurred as a result of the purchase of a French accelerator was approximately RMB8,980,918.20 (equivalent to approximately EUR1,079,748.75), 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 an instalment loan in respect of which the maximum repayment period is thirty-six years. As the outstanding amount of the long-term loan is relatively small, 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, proceeds raised, profit of the Group and proceeds obtained from the disposal of the land use rights of the old site of the Company. The use of raised proceeds strictly complied with relevant legal requirements. In addition, 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.

Liquidity and Source of Funds

The Group's net cash outflow from operating activities amounted to approximately RMB565,271,010.56 during the Year (2011: RMB734,092,468.15, representing a decrease of approximately RMB168,821,457.59).

During the Year, the Group spent approximately RMB19,598,244.25 (2011: RMB45,908,379.30, representing a decrease of approximately RMB26,310,135.05) for the purchase of property, plant and equipment and the construction in progress.

As at 31 December 2012, the Group's total liabilities and equity interests amounted to approximately RMB1,314,872,117.46 (2011: RMB1,403,396,173.63). The Group's interest expenses were approximately RMB586,234.98 for the Year (2011: RMB997,871.93).

Contingent Liabilities

As at 31 December 2012, the Group did not have any contingent liabilities (2011: Nil).

BUSINESS OUTLOOK

The Company will persist to be driven by results and is profit-oriented in pursuit of its development plans. Resources will be mainly allocated to favourable industries and quality businesses, elevating in developing quality and corporate profit.

The Company will speed up optical fiber business integration and the construction of optical fiber production base. It will strive to increase market share by strengthening the synergistic development and expansion of the joint ventures. Through resources consolidation and sharing, cost optimization and competitiveness enhancement, it will manage to achieve the business integration of wands, optical fibers and cables for becoming a leading competitive optical telecommunications enterprise in the industry.

It will endeavour to develop the electric equipment cable business by increasing its shareholding in CSR and merging with CNR. The Company will boost its industrial development through business divisions, reasonable resources allocation and business restructuring. It will also strive to retain major customers, major projects and major orders. As for its market positioning, the Company will focus on mid-to-high-end products of its locomotive cable business with higher profitability. In addition, it will speed up the process in obtaining relevant qualification and CRCC certification.

In respect of the ultra fine electronic wire projects, the Company will thoroughly study the comprehensive research results of each ultra fine electronic wire project by the specialized working group for determining the project positioning and development direction, and continue to identify external cooperation opportunities in relation to the ultra fine wire projects.

For other traditional products, the Company will maintain to optimise present production capacity and actively expand new markets. Under the precondition of maintaining operating customers, increase the proportion of indoor cable products which have a higher profit ratio.

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 RMB9,497,600 in the Year (2011: RMB8,811,500). 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 Shuangliu Heat Shrinkable, Chengdu SEI and Chengdu MCIL 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 (2011: 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 state-owned banks with good reputation.

The Group does not provide any guarantees to cooperative manufacturers 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 2012, the Company had not made any arrangements for bonus issue, share placing and 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 2012, 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 of Hong Kong Limited (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 2012, 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 2012, the Group did not issue any convertible securities, share options, warrants or relevant entitlements.

5. Sufficient public float

According to public information available to the Company and to the knowledge of each director, the Company confirmed that the public held sufficient shares during the year ended 31 December 2012 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 2012 (2011: Nil).

CODE ON CORPORATE GOVERNANCE

The Company will continue putting effort in maintaining high standards of corporate governance so as to ensure better transparency and protection of interests of the shareholders and the Company as a whole. Throughout the Year, the Company had complied with the code provisions set out in the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) contained 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 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") AND REVIEW OF THE ANNUAL RESULTS

The Company established the Audit Committee in accordance with the Listing Rules. The members of the Audit Committee comprises Mr. Choy Sze Chung, Jojo (Chairman of the Audit Committee), Mr. Wu Zhengde and Mr. Li Yuanpeng, all being the 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 were 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, 21 June 2013 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 2012 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 22 May 2013 to 21 June 2013 (both dates inclusive), during which period no transfer of shares will be registered.

In order to be qualified for attending and voting at the 2012 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 the holders of domestic shares for registration by 4: 30 p.m. on 21 May 2013.

ACKNOWLEDGEMENT

I would like to thank the Board, the Supervisory Committee, the management and all of our staff for their hard work and dedication, as well as our shareholders and customers for their continual support to the Group.

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, 7 March 2013

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

Executive Directors:	Mr. Zhang Xiaocheng *(Chairman)* Mr. Ping Hao Mr. Cong Huisheng Mr. Chen Ruowei Mr. Du Xinhua Mr. Fan Xu
Independent Non-executive Directors:	Mr. Choy Sze Chung, Jojo Mr. Wu Zhengde Mr. Li Yuanpeng

* *For identification purposes only*