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)

2007 ANNUAL RESULTS ANNOUNCEMENT

RESULTS

The board of directors (the "Board") of Chengdu PUTIAN Telecommunications Cable Company Limited (the "Company") hereby announces the audited consolidated income statement and consolidated balance sheet of the Company and its subsidiaries (the "Group") for the year ended 31 December 2007 (the "Year") which have been prepared in accordance with a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") together with comparable figures for the corresponding period of 2006 (the "Previous Year") as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	NOTES	**2007** ***RMB'000***	2006 *RMB'000*
Turnover	3	**627,936**	550,714
Cost of sales		**(555,468)**	(450,480)
Gross profit		**72,468**	100,234
Other operating income	4	**9,449**	8,705
Distribution costs		**(42,747)**	(40,943)
Administrative expenses		**(64,352)**	(74,671)
Other operating expenses		**(23,895)**	(11,007)
Finance costs	5	**(3,499)**	(6,523)
Gain on disposal of prepaid lease payments of land use right	6	**243,757**	171,642
Share of results of associates		**3,411**	3,190

Profit before taxation		**194,592**	150,627
Income tax expense	7	**(5,532)**	(9,118)
Profit for the year	8	**189,060**	141,509
Attributable to :			
Equity holders of the Company		**187,942**	139,294
Minority interests		**1,118**	2,215
		189,060	141,509
Dividend	9	**—**	—
Basic earnings per share	10	**RMB0.47**	RMB0.35

CONSOLIDATED BALANCE SHEET

At 31 December 2007

		2007	2006
	NOTES	***RMB'000***	*RMB'000*
Non-current assets			
Property, plant and equipment		**268,335**	159,454
Prepaid lease payments on land use rights		**42,862**	20,332
Construction-in-progress		**32,460**	69,125
Interests in associates		**145,657**	142,649
Available-for-sale investments		**2,728**	2,728
Long-term prepayments		**—**	22,821
		492,042	417,109

Current assets			
Inventories		**171,078**	156,754
Trade and bills receivables	11	**162,251**	137,601
Prepaid lease payments on land use rights		**1,193**	708
Prepayments, deposits and other receivables		**28,082**	20,155
Available-for-sale investments		**201,400**	—
Long-term prepayments — current portion		**5,760**	—
Amounts due from associates		**12,187**	5,417
Amounts due from related companies		**2,258**	2,440
Tax recoverable		**1,413**	—
Bank deposits, balances and cash		**196,834**	361,802
		782,456	684,877
Assets classified as held for sale		**5,951**	23,531
		788,407	708,408
Current liabilities			
Trade and bills payables	12	**77,400**	62,011
Other payables and accrued charges		**126,043**	97,589
Deposits for staff quarters		**23,565**	19,368
Amounts due to associates		**16,321**	23,889
Tax liabilities		**—**	8,809
Bank and other borrowings — amount due within one year		**20,395**	54,493
		263,724	266,159
Net current assets		**524,683**	442,249
Total assets less current liabilities		**1,016,725**	859,358

	NOTES	2007 RMB'000	2006 RMB'000
Capital and reserves			
Share capital		**400,000**	400,000
Reserves		**508,243**	320,116
Equity attributable to equity holders of the Company		**908,243**	720,116
Minority interests		**93,464**	94,014
Total equity		**1,001,707**	814,130
Non-current liabilities			
Bank and other borrowings — amount due after one year		**15,018**	45,228
		1,016,725	859,358

NOTES:

1. GENERAL

The Company is a sino-foreign joint stock limited company established in the People's Republic of China (the "PRC"). The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The directors of the Company regard China PUTIAN Corporation ("Potevio Group"), a state-owned enterprise established in the PRC, as the ultimate holding company of the Company and China PUTIAN Company Limited ("China Potevio"), a joint stock limited company established in the PRC with limited liability and a wholly-owned subsidiary of China PUTIAN, as the immediate holding company of the Company.

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

The addresses of the registered office and principal place of business of the Company are East No. 18, Xinhang Road, West Hi-tech Zone, Chengdu, Sichuan Province, the PRC.

The Group is principally engaged in the manufacture and sale of various types of telecommunication cables (including different types of copper cables and optical fibre cables), optical fibres, cable joining sleeves, as well as equipments, manufacturing parts and materials for the production of cables.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (“New HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) which are effective for the accounting periods beginning on 1 January 2007. The adoption of the New HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not previously applied the following new and revised Hong Kong Accounting Standards (“HKASs”), HKFRSs and interpretations (“HK(IFRIC)-INTs”) that have been issued but are not yet effective for accounting period beginning on 1 January 2007. The directors of the Company anticipate that the application of these HKASs, HKFRSs and HK(IFRIC)-INTs will not have material impact on the results and the financial position of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [2]
HKFRS 2 (Amendment)	Share-based Payment — Vesting Conditions and Cancellation[1]
HKFRS 3 (Revised)	Business Combination[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC)- INT 11	HKFRS 2 — Group and Treasury Share Transactions[3]
HK(IFRIC)- INT 12	Service Concession Arrangements[4]
HK(IFRIC)- INT 13	Customer Loyalty Programmes[5]
HK(IFRIC)- INT 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]

[1] Effective for annual periods beginning on or after 1 January 2009.
[2] Effective for annual periods beginning on or after 1 July 2009.
[3] Effective for annual periods beginning on or after 1 March 2007.
[4] Effective for annual periods beginning on or after 1 January 2008.
[5] Effective for annual periods beginning on or after 1 July 2008.

3. BUSINESS SEGMENT

For management efficiency purposes, the Group is currently organised into three main operating segments, manufacture and sale of copper cable and related products, optical fibres and related products and cable joining sleeves and related products.

These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses for the two years ended 31 December 2007 and 2006 is presented below:

	For the year ended 31 December 2007					
	Manufacture and sale of copper cable and related products	Manufacture and sale of optical fibres and related products	Manufacture and sale of cable joining sleeves and related products	Other Operations	Elimination*	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
SEGMENT TURNOVER						
External turnover	**469,147**	**97,853**	**60,936**	**—**	**—**	**627,936**
Inter-segment turnover	**2,806**	**—**	**83**	**—**	**(2,889)**	**—**
Total turnover	**471,953**	**97,853**	**61,019**	**—**	**(2,889)**	**627,936**
SEGMENT RESULT	**(61,237)**	**11,771**	**(5,547)**	**—**	**—**	**(55,013)**
Unallocated other operating income						**5,936**
Finance costs						**(3,499)**
Gain on disposal of prepaid lease payments of land use right						**243,757**
Share of results of associates						**3,411**
Profit before taxation						**194,592**
Income tax expense						**(5,532)**
Profit for the year						**189,060**

* The inter-segment transactions were carried at estimated fair market price or, where no market price was available, at cost plus a percentage profit mark-up.

	For the year ended 31 December 2006					
	Manufacture and sale of copper cable and related products	**Manufacture and sale of optical fibres and related products**	**Manufacture and sale of cable joining sleeves and related products**	**Other Operations**	**Elimination***	**Consolidated**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
SEGMENT TURNOVER						
External turnover	416,066	81,406	53,242	—	—	550,714
Inter-segment turnover	4,438	—	90	—	(4,528)	—
Total turnover	420,504	81,406	53,332	—	(4,528)	550,714
SEGMENT RESULT	(35,868)	9,454	419	—	—	(25,995)
Unallocated other operating income						8,313
Finance costs	(6,107)	(416)	—	—	—	(6,523)
Gain on disposal of prepaid lease payments of land use right	171,642	—	—	—	—	171,642
Share of results of associates	(596)	3,260	—	526	—	3,190
Profit before taxation						150,627
Income tax expense						(9,118)
Profit for the year						141,509

* The inter-segment transactions were carried at estimated fair market price or, where no market price was available, at their cost plus a percentage profit mark-up.

For the two years ended 31 December 2007, all activities and assets of the Group were based in the PRC and all of the Group's turnover and results from operations were derived from the PRC. Accordingly, no analysis of geographical segment is presented.

4. OTHER OPERATING INCOME

	2007	2006
	RMB'000	*RMB'000*
Included in other operating income are the followings:		
Bank interest income	**1,766**	2,046
Technology transfer fee	**895**	610
Management fee from an associate in respect of providing market information	**—**	1,562
Rental income	**1,979**	1,208
Gain on disposal of interest in an associate	**—**	500
Sales of scrap materials	**2,594**	2,401
Others	**2,215**	378
	9,449	8,705

5. FINANCE COSTS

	2007	2006
	RMB'000	*RMB'000*
Interest on:		
Bank and other borrowings wholly repayable within five years	**3,461**	6,024
Bank borrowings not wholly repayable within five years	**38**	499
	3,499	6,523

6. GAIN ON DISPOSAL OF PREPAID LEASE PAYMENTS OF LAND USE RIGHT

Pursuant to a land transfer agreement, a supplemental agreement and a second supplemental agreement entered into between the Group and an independent third party, the Group has agreed to sell, and the independent third party had successfully bid in 2005, a piece of land (the size of which is approximately 244.77 mu) on which the headquarters of the Group was situated in Chengdu, the PRC (the "Land") for a consideration of approximately RMB793,060,000.

In accordance with the second supplemental agreement, the considerations shall be settled and the Land shall be delivered by three stages and the transaction shall be completed on or before 30 June 2008. As at 31 December 2007, the Group has delivered approximately 95.70 mu (2006: 66.76 mu) of the Land and recognised approximately RMB243,757,000 (2006: RMB171,642,000) as gain on disposal of prepaid lease payments on land use right accordingly. Details of this transaction was set out in the Company's circular dated 23 December 2005.

Pursuant to Section (II) in Clause 8 of the Provisional Regulations of the PRC in Land Value Added Tax (State Council Decree No. 138) dated 13 December 1993 and Section 11 of Implementation Details of the Provisional Regulations of the PRC on Land Value Added Tax promulgated by Ministry of Finance on 27 January 1995 describing Section (II) in Clause 8 of No. 138, the directors of the Company are of the view that the disposal of the Land by the Group is not subject to the relevant land value added tax. Accordingly, no provision was made for land value added tax in the calculation of the gain on disposal of prepaid lease payment of land use right during the year. The Group is now in the process of applying for exemption of land value added tax, had the application for exemption is not succeeded, as estimated by the directors of the Company, the Group will be subjected to approximately RMB313,157,000 land value added tax as a whole and the gain on disposal of prepaid lease payments of land use right for the year ended 31 December 2007 will be decreased by approximately RMB123,037,000 (2006: RMB86,641,000).

7. INCOME TAX EXPENSE

	2007	2006
	RMB'000	*RMB'000*
The tax charge comprises :		
PRC enterprise income tax		
— current	**7,431**	10,730
— over-provision in prior years	**(1,899)**	(1,612)
	5,532	9,118

No provision for the Hong Kong Profits Tax has been made in the consolidated financial statements as the Group's income neither arises in, nor is derived from, Hong Kong for the two years ended 31 December 2007.

The Company has been recognised as a technologically advanced enterprise by relevant authorities since 1994. Pursuant to the Income Tax Laws concerning technologically advanced enterprise in Chengdu, the State Tax Authority in Chengdu has approved the Company to entitle the reduced state enterprise income tax rate of 18% (2006: 18%).

PRC enterprise income tax is calculated at 13% to 33% (2006: 13% to 33%) of the estimated assessable profit for the year.

During the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law ("the New Corporate Income Tax Law") was approved and will become effective on 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the enterprise unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%. The Company and certain subsidiaries which are enjoying the tax holiday will continue until expiry while the preferential tax rates disclosed above will continue after the New Corporate Income Tax Law.

8. PROFIT FOR THE YEAR

	2007	2006
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging :		
Impairment loss on trade and bills receivables	**6,770**	3,398
Auditors' remuneration	**750**	900
Amortisation of prepaid lease payments on land use rights	**1,192**	708
Bad debts written off	**—**	2,221
Depreciation on property, plant and equipment	**22,257**	20,211
Exchange loss	**1,614**	1,069
Loss on disposal of property, plant and equipment (included in other operating expenses)	**3,304**	83
Loss on deregistration of a subsidiary	**4**	—
Research and development costs	**1,043**	1,576
Staff costs (including retirement benefits schemes contributions and directors' emoluments)	**36,411**	39,682
Write-down of inventories	**1,837**	12,310
Share of tax of associates (included in share of results of associates)	**216**	165

9. DIVIDEND

No dividend was paid or proposed during the two years ended 31 December 2007, nor has any dividend been proposed since the balance sheet date.

10. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the Company of RMB187,942,000 (2006: RMB139,294,000) and based on 400,000,000 (2006: 400,000,000) shares in issue during the year.

There was no dilution effect on the basic earnings per share for the two years ended 31 December 2007 as there were no dilutive shares outstanding during the two years ended 31 December 2007.

11. TRADE AND BILLS RECEIVABLES

	2007	2006
	RMB'000	*RMB'000*
Trade and bills receivables	**264,355**	232,935
Less : Allowance for bad and doubtful debts	**(102,104)**	(95,334)
	162,251	137,601

There were no specific credit terms granted to the Group's customers. The following is an aged analysis of trade and bills receivables net of allowances at the balance sheet date.

	2007	2006
	RMB'000	*RMB'000*
Within 90 days	**142,519**	97,409
91 - 180 days	**12,417**	21,201
181 - 365 days	**7,315**	18,991
	162,251	137,601

12. TRADE AND BILLS PAYABLES

	2007	2006
	RMB'000	*RMB'000*
An aged analysis of trade and bills payables is as follows :		
Within 90 days	**61,228**	40,134
91 - 180 days	**9,119**	13,954
181 - 365 days	**3,680**	5,208
Over 365 days	**3,373**	2,715
	77,400	62,011

TURNOVER

For the Year, the turnover of the Group amounted to approximately RMB627,936,000, an increase of 14.02% as compared to approximately RMB550,714,000 for the year ended 31 December 2006 (the "Previous Year.")

During the Year, the turnover of copper cables was approximately RMB471,953,000, an increase of 12% as compared with the Previous Year, of which plastic urban telephone cables accounted for approximately RMB111,010,000, a decrease of 21.54% as compared with the Previous Year; program-controlled cables accounted for approximately RMB336,610,000, a decrease of 21.21% as compared with the Previous Year.

Chengdu SEI Optical Fibre Co., Ltd ("CDSEI"), a company in which the Company owns a 60% equity interest, recorded a turnover of approximately RMB97,853,000; and Chengdu Cable Plant of the Ministry of Posts and Telecommunications Shuangliu Heat Shrinkable Products Sub-Plant ("Shuangliu Heat Shrinkable"), a company in which the Company owns a 66.7% equity interest, recorded a turnover of approximately RMB61,019,000.

PROFITS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The net profits attributable to the equity holders of the Company for the Year amounted to approximately RMB187,942,000. The net profits attributable to equity holders of the Company for the year ended 31 December 2006 amounted to approximately RMB139,294,000. Profits attributable to equity holders of the Company showed an increase of 35% as compared with the Previous Year.

MANAGEMENT DISCUSSION AND ANALYSIS

Results Analysis

During the Year, the main products of the Group are: plastic urban telephone cables, program-controlled cables, cable-joining sleeves, optical fibres and mobile telecommunications cables.

During the Year, the Company received approximately RMB310,060,000 for the third stage land payment of the disposal of the Land where the Company's headquarters were located (second stage land payment received: RMB218,340,000). The profit after deducting the related cost was approximately RMB243,757,000 (2006: RMB171,642,000).

Main Reasons for the Loss in the Principal Business

1. The replacement of copper cable by optical fibre in the telecommunication market led to a more considerable decrease in the sales of the Company's plastic urban telephone cables in the Year than that of the Previous Year. Such a decrease resulted in a rise in the fixed expenses borne by the product unit as well as a slight increase in the production cost. Meanwhile, given that the purchase price of copper rod maintained at a high level, the cost of materials for copper cables stayed high as well, which had an adverse impact on the operating profits of copper cables;

2. During the Year, overall relocation of the headquarters of the Company and Chengdu MCIL were completed which, to a certain extent, affected the sales of the relevant products of the Company's headquarter and Chengdu MCIL, resulting in an overall adverse impact on the Group's operating profit.

REVIEW OF PRINCIPAL BUSINESSES

1. Fundamental completion of relocation

During the Year, three phrases of relocation and demolition of the three zones in the old site of the headquarter were implemented. In January, 22 mu of land where the Chengdu MCIL and power plant (動力廠) were situated was relocated and demolished; in March to May, 54.5 mu of land with copper factory, program-controlled factory, plastic urban telephone factory and composite band factory (複合帶廠) was relocated and demolished; whilst in September to December, 60 mu of land with office building and telecommunication cable factory was relocated and demolished. As CDSEI need to timely deliver supplies pursuant to numerous contracts, the completion of relocation is estimated to be postponed to June 2008.

Since the commencement of the new site construction to the completion of relocation, different departments of the Company have cooperated with one another to accomplish each of the tasks. The Construction management team (建設管理組) completed the industrial base construction project (工業基地建設項目) and fulfilled the KPI (key performance appraisal indication) appraisal indicators. The Corporate relocation team (公司搬遷組) carried out price inquiry, comparison and analysis and sub-contracting to execute the removal of the old site materials, and appointed professional removers to demolish the premises and buildings on the old site by ways of calling for tender and sub-contracting. The Material and asset clearing team (物資資產清理組) , on the other hand, decided on the successful bidder to carry out disposal by price comparison and price negotiation.

2. Facilitating corporate reform

The Company championed the principles of simplicity along with high efficiency and carried out a series of reforms. Liquidation of coiling reel plants (盤具廠) and rescission of electronic cable factory effectively reduced the burden of the Company. With the new market trend of telecommunication cable, the Company capitalized on the relocation to implement the industrial base planning, consolidate existing resources, and transform and reorganize the original program-controlled and plastic cable factories into telecommunication factory to enhance efficiency and reduce cost. As for the construction of electric equipment cable factory) (電氣裝備電纜廠), the Company has completed the preliminary preparation work. Such project is currently at the stage of installation and testing and will commence operation soon.

3. Improving internal control

The Company continues to improve into internal control system and establish a project accountability mechanism as well as a framework for corporate logistics centre. As regard to the marketing, the sales company (銷售公司) made good use of the receivables and the rise in copper price to increase the sales of products in the stock and mitigate the impact on sales arisen from high raw material prices and the overall corporate relocation. The Company will commits to take further steps to consolidate its existing sales network. Meanwhile, to counter the strategy of replacing copper cable with optical fibre of the telecommunication operators, the Company has established a market development department, mainly responsible for exploring new markets so as to enhance the market share of the Company's products.

In the respect of financial management, the Company continued its comprehensive budget management which ensured the budget target can be reached. The improvement made on policies related to centralized financial management, strengthened the cost calculation, analysis and control. The Company reinforced receivables management, established a logistics management team to enhance its control of the inventories. Based on the amount for guaranteed normal production and construction, the Company made full use of idle capital to invest in bank products which generated satisfactory returns.

Regarding investment management, the Company has completed the equity transfer of Dongguan CDC Cable Factory, basically completed the clearing of Chengdu Cable Plant Panjiu Sub-Plant and Chengdu PUTIAN Display Technology Ltd., and probed into the standardization of management system of joint ventures.

As for technological innovation, large-scale extraction (擠出) and irradiation test for locomotive cables were completed. The trial production of a series of environmental-friendly, broadband and flame-retardant products of program-controlled cables was completed.

In relation to management of quality, the Company took a further step to optimize the quality management system which guaranteed the effectiveness of the mechanism.

4. Growth

Concerning optical fibre business, the original production line no. 2 and 3 of CDSEI maintained production during the Year which secured market demand and recorded the best return since 2001. The production line no.4 in the new zone has been relocated and continued to speed up its installation and adjustment of production line no.5.

In the case of the copper cable business, influenced by the relocation and the industry trend of the replacement of copper cable with optical fibre, the Company optimized its product structure such as plastic cables and program-controlled cables. While actively implementing the new proposal of copper cable innovation, feeder cable (饋線電纜) is also facing a fierce market environment, and yet it has completed relocation, production resumption and expansion, achieving favourable sales income and results.

Heat shrinkable products also faced the challenge of the replacement of copper cable with optical fibre in which resulted in a decrease in the market demand for communication heat shrinkable products. Shuangliu Heat Shrinkable Products Sub-Plant enthusiastically opened up markets to raise the ratio of non-communication heat shrinkable products; while on the other hand made efforts to technological innovation, paving the way for the development of new products.

FINANCIAL ANALYSIS

Results Analysis

As at 31 December 2007, the Group's total assets were approximately RMB1,280,449,000, representing an increase of 14% over the end of Previous Year's approximately RMB1,125,517,000. Current assets amounted to approximately RMB782,456,000, accounting for 61% of the total assets and representing an increase of 10% over the end of Previous Year's approximately RMB684,877,000. The increase was mainly due to proceeds from the disposal of a land use right. Property, plant and equipment amounted to approximately RMB268,335,000, accounting for 21% of the total assets and representing an increase of 68% over the end of Previous Year's approximately RMB159,454,000. The increase was mainly because of fixed assets such as newly built premises and facilities in the new site construction.

As at 31 December 2007, the Group's liabilities totaled approximately RMB278,742,000; the liability-to-asset ratio was 21%; short-term bank and other loans were approximately RMB20,395,000, representing a decrease of 63% over the end of Previous Year's approximately RMB54,493,000. During the Year, the Group did not arrange for other capital raising activities.

As at 31 December 2007, the Group's bank deposits and cash totaled approximately RMB196,834,000, representing a decrease of 46% over the end of Previous Year's approximately RMB361,802,000.

During the Year, the Group's distribution costs, administrative and other operating expenses, and finance costs amounted to approximately RMB42,747,000, RMB88,247,000 and RMB3,499,000 respectively, representing an increase of 6%, 3% as well as a decrease of 46% respectively, over the Previous Year's figures of approximately RMB40,943,000, RMB85,678,000 and RMB6,523,000 respectively. Distribution costs were less than the figures last year due to a decrease of packaging expenses of products. Administrative and other operating expenses decreased because the Company strengthened the control of expenditure. Finance costs decreased as the amounts of loans decreased.

As at 31 December 2007, the Group's trade and bills receivables and inventories amounted to approximately RMB162,251,000 and RMB171,078,000 respectively, representing an increase of 18% and 9% respectively, over the end of Previous Year's figures of RMB137,601,000 and RMB156,754,000 respectively.

Analysis of Capital Liquidity

As at 31 December 2007, the Group's current assets amounted to approximately RMB782,456,000 (2006: RMB684,877,000), current liabilities were approximately RMB263,724,000 (2006: RMB266,159,000), the annual receivables turnover period was 94 days and the annual inventory turnover period was 108 days. The above data indicates that the Group's capital flow was reasonable but there is still room for improvement. Liquidity and repayment ability was satisfactory. (Note: Deposits and trade and bills receivables are indicated in net value)

Analysis of Financial Resources

As at 31 December 2007, the Group's short-term bank and others loans were approximately RMB20,395,000. As the Group's bank balances and cash were comparatively sufficient with a total amount of approximately RMB196,834,000, the Group does not have short-term repayment risk.

Non-current Liabilities or Loan

As at 31 December 2007, the outstanding amount of the Group's long-term loan incurred as a result of the purchase of a French accelerator was approximately RMB12,913,000 (approximately EUR1,211,000), of which bank credit facility amounted to approximately RMB1,388,000 (approximately EUR130,000) at an interest rate of 7.35% per annum, and French government guaranteed bank loan amounted to approximately RMB11,525,000 (approximately EUR1,081,000) at an interest rate of 0.5% per annum. The said loans in Euros terms are subject to exchange rate risks resulting from fluctuations of the exchange rate in the international foreign exchange market. These two loans are installment loans in respect of which the maximum repayment period is 36 years. As the outstanding amount of the long-term loan is not substantial, there is no adverse impact on the operations of the Group.

Capital Structure of the Group

The Group's capital is derived from bank and other loans, proceeds from the issuance of shares in the Company, corporate profit and proceeds from the disposal of the land use rights of the Company. The use of proceeds strictly complied with legal requirements. In order to ensure the proper utilization of capital, the Group has enhanced its stringent financial management system. The Group also paid attention to avoiding risks and to improving its return on investments. During the Year, due loans and obligations were repaid and performed in accordance with the relevant contractual terms.

Cash and Source of Funds

The Group's net cash outflow from operating activities amounted to approximately RMB81,758,000 during the Year (2006 net cash inflow: RMB47,202,000).

During the Year, the Group spent approximately RMB5,565,000 (2006:RMB3,622,000) and RMB88,412,000 (2006: RMB63,731,000) respectively on purchases of property, plant and equipment and on construction-in-progress.

As at 31 December 2007, the Group's liabilities and minority interests amounted to approximately RMB372,206,000 (2006: RMB405,401,000).The Group's interest expenses were approximately RMB3,499,000 (2006: RMB6,523,000) for the Year.

Contingent Liabilities

As at 31 December 2007, the Group did not have any contingent liabilities (2006: Nil).

BUSINESS OUTLOOK

1. Face up to market challenges

As the process of "replacement of copper cable by optical fibre" accelerates, the Company will rely on the technical preparation made for electrical equipment cable (電氣裝備電纜)(locomotive cable) and new types of copper cable so as to set out and deploy sophisticated sales and development plans for a firm market foothold and boost effectiveness. In-depth researches into the communication market and conformation to the change amidst copper cable fade-out and optical fibre succession will find the Company a suitable position, discover business opportunities, acquire market share and attain effectiveness.

According to the optimization adjustment made by PUTIAN headquarters to the organization structure and departmental duties, the Company was incorporated as one of the four newly established departments to be directly engaged in the management of communication business headquarters which will perform regulatory management of the Company's operation and review of its results. The Company will look for new development and breakthrough under its leadership.

2. Intent upon technological innovation

Traditional copper cable industry has severely shrunk, forcing the Company's way out of copper cable products with an urge of flexible strategies. First, the Company will undergo structural reform on the profit plan, such as mobile data cable. Industrialization of sound technical reserve plans such as intensive development of locomotive cables is to be implemented. Production expansion of data cables is also one of the product development projects under the spotlight.

There will be upgrading, refining, professionalisation and deviation of program-controlled cables, data cables and other cables for better profitability. The technical department of the Company has prepared the investment proposals for communication equipment cables for 3GHz and symmetrical cables in the secondary category, new fine coaxial cables, extremely fine coaxial cable projects, which emphasize more on professional standard and preliminary technical preparation. There are, however, specific problems to approach before adding to capacity, such as market exploration and investment of resources respectively.

3. Promoting corporate reform

We will introduce pragmatic financial management by perfecting systems related to centralised financial management. We will supervise commission of finance and capital accounts of subsidiaries. Pending bank accounts will be cleared up. Implementation of all-rounded budget management will be continued to ensure that the budget targets and KPI indicators are achievable.

Foster human resources management. We will strictly comply with the newly promulgated “Employment Contract Law”. Organisational adjustment will also be carried out to formulate strategies in line with the Company’s development while assessment of personnel will be improved. We will step up the training of staff for better on-job training.

Strengthen investment management. We will undergo standardization of the management system of joint-ventures to enhance the supervision and assessment of the management system, formulate reasonable budgets and indicators and oversee its implementation. Endeavors will be made to the supervision of senior management stationed in all joint ventures. We will press ahead to enhance capital investment and management and centralize resources for allocation.

Promote market sales. We will launch market research proactively for better market forecast. We will formulate out strategies for entering, dominating and expanding the market. We value the accuracy and timeliness of market information, which provides ground to the Company’s decisions. We will continue to fortify the existing sales network, step up the opening up of new market and aspire to search for new customer groups. We will enhance the all-in-one before-sales, selling and after-sales services, as to enhance the management of loans receivable.

Perfect fundamental management. We will improve standard systems covering the quality standard, management standard and job standard. We will implement the quality accountability and facilitate the investigation of quality indicators. We will consolidate the quality management system, environmental management system and job safety management system. We will optimize on-site management and boost the supervision of safe production. We will standardize various management systems of the Company, refine the scientific decision-making mechanism and innovation system, so as to improve the corporate management standard from time to time.

Use of Proceeds

The Company raised approximately HK$424,000,000 through the issue of 160,000,000 H shares in December 1994. From the date of listing to 31 December 2007, as stated in the section headed "Use of Proceeds and Working Capital" in the Company's prospectus and "Plan for Change in the Use of Proceeds" passed at the annual general meetings of the Company ("AGM") in 1998 and 2001 respectively, the Company had used an aggregate amount of HK$373,429,000, of which HK$84,360,000 was used in investment projects and HK$289,069,000 was used for repaying debts and used as working capital.

The balance of the unutilized proceeds amounted to HK$50,571,000 which is deposited with banks in the PRC in HK dollars, US dollars and Renminbi.

Overdue Time Deposits

As at 31 December 2007, the Group does not have any deposit or trust deposit with non-bank financial institutions nor time deposits that cannot be recovered on maturity.

Although the Company decided at the 2000 AGM to write off the principal of the deposit of RMB30,000,000 in China Leasing Company Limited ("China Leasing") as bad debt, the Company has not given up on recovering this amount.

During the Year, the Company continued to claim repayment against China Leasing.

Sale of Staff Quarters

1. Deferred expenses on staff quarters prior to 1998 have been dealt with in the financial report for the year 2000.

2. The Company approved a new program for raising funds from its employees to construct staff quarters during the year 2006. As at 31 December 2007, a total of prepaid deposits of approximately RMB23,565,000 was received from the employees. As the raising of funds is completed, the Group will sell all its property rights in the staff quarters to its staff.

Basic Medical Insurance Scheme for Employees

The Company has participated in the basic medical insurance scheme for employees in Chengdu since October 2002 and has made a total payment amounting to approximately RMB1,311,000 in the Year (2006: RMB1,436,000). Expenses for basic medical insurance for employees as compared with the Previous Year decreased because the number of employees reduced. The Company calculated the basic medical insurance using the new standard, thus resulting in a slight decrease in the payment for the basic medical insurance of employees over that of the Previous Year. The Board considered that the implementation of the basic medical insurance scheme for employees has no material impact on the financial status of the Company.

Unified Income Tax and Cancellation of Local Government's

The Company is a high-tech enterprise registered in the Hi-Tech Development Zone in Chengdu, Sichuan Province, the PRC. According to the approval of the State Tax Bureau, the Company enjoys and pays income tax at a preferential rate of 18% for high-tech enterprises (2006: 18%). The Company is not entitled to any income tax rebate.

During the fifth session of the 10th National People's Congress held on 16 March 2007, PRC Corporate Income Tax Law (the "New Corporate Income Tax Law") was approved and will become effective on 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes including but not limited to the unification of income tax rate from domestic and foreign invested enterprises at 25%.

Pledge of Assets

In the Year, owing to sufficient capital of production operations, the Group did not secure any loan facility to banks. (2006: bank deposits amounted to approximately RMB7,769,000; a portion of buildings valued at approximately RMB844,000 and assets classified as held for sale valued at approximately RMB23,531,000.)

Market risks

The Group is exposed to various types of market risks, including fluctuation in copper prices and changes in interest rates, foreign exchange rates and inflation.

Copper prices and other commodities prices risk

The Group's revenue and profit are sensitive to fluctuations in copper prices and prices of other commodities. This is due to the fact that the Group generates all of its revenue and profit from the PRC. The Group does not enter into commodity derivative instruments or futures to hedge any potential price fluctuations of copper and other commodities or for trading purposes. Therefore, fluctuations in the prices of copper and other commodities may have a material effect on the Group's revenue and profit.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to the Group's cash holdings and interest-bearing bank loans. The Group manages its interest rate exposure from certain cash holdings through placing them into a fixed rate time deposit and manages the exposure from all of its interest-bearing loans through the use of fixed rates.

Foreign exchange risk

All of the Group's transactions are carried out in RMB. The fluctuation of the RMB/USD exchange rate may affect the international and local copper price, which may therefore affect the Group's operating results. In the past few years, the exchange rate of RMB was comparatively stable. RMB is not a freely convertible currency. On 21 July 2005, PBOC 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 our 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

As at 31 December 2007, 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 Potevio Group Company Limited ("China Potevio") holds 240,000,000 issued legal person shares, representing 60% of the total issued share capital and overseas shareholders hold 160,000,000 H shares, representing 40% of the total issued share capital.

2. Shareholding of substantial Shareholders

As at 31 December 2007, the largest Shareholder was China Potevio, holding 240,000,000 issued legal person shares, representing 60% of the total issued share capital of the Company. At the beginning of the Year, HKSCC Nominees Limited ("HKSCC" holds shares of the Company on behalf of various customers) held 156,992,998 H shares of the Company, representing 39.25% of the total issued share capital of the Company. At the end of the Year, HKSCC held 158,850,998 H shares of the Company, representing 39.71% of the total issued share capital.

3. Shareholdings of the directors and supervisors

As of 31 December 2007, none of the Directors, Supervisors and chief executives of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Securities & Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the Secuities & Futures Ordinance 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 (the "Model Code") set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

4. **Purchase, sale or repurchase of listed securities**

For the year ended 31 December 2007, none of the Company's listed securities was purchased, sold, redeemed, repurchased or cancelled by the Company or any of its subsidiaries.

5. **Convertible securities, share options, warrants and similar instruments**

During the Year, the Company did not issue any convertible securities, share options, warrants or similar instruments.

6. **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 Reporting Period and as at the date of this announcement.

SIGNIFICANT EVENTS

1. **Change of office address and contact details**

The office address of the Company in the PRC has been changed to East No. 18, Xinhang Road, West Hi-tech Zone, Chengdu, Sichuan province the PRC (Zip code: 611731), with effect from 10 December 2007. The new contact details are: Tel: (86) 28 8787 7000, (86) 28 8787 7008 and Fax: (86) 28 8787 7001, (86) 28 8787 7010. The Company released an announcement in relation to the change of office address and contact details dated 7 December 2007.

2. **Change of qualified accountant**

According to Rule 3.24 of the Listing Rules, the Company must ensure that, at all times, it employs a full time employee who is responsible for overseeing the Company and its subsidiaries in connection with their financial reporting procedures and internal controls and compliance with requirements under the Listing Rules with regard to financial reporting and other accounting issues. This individual must be a member of the senior management of the Company, a qualified accountant and a fellow or associate member of the Hong Kong Society of Accountants (now known as Hong Kong Institute of Certified Public Accountants ("HKICPA")) or a similar body of accountants recognized by the HKICPA for the purpose of granting exemptions from the examination requirement for membership of the HKICPA (the "HKICPA Qualifications").

As of 16 August 2007, the Board of the Company approved the resignation of Mr. An Minmin ("Mr. An"), the Chief Accountant of the Company so as to approve the appointment of Mr. Xu Biao ("Mr. Xu") as the chief financial officer and qualified accountant of the Company. His duties covers the oversight of the Company and its subsidiaries in connection with its financial reporting procedures and internal controls and compliance with the requirements under the Listing Rules with regard to financial reporting and other accounting-related issues.

Mr. Xu is able to meet all the requirements set out in Rule 3.24 of the Listing Rules, except that he has not obtained the qualification of the HKICPA. Accordingly, Mr. Hung, Anckes Yau Keung ("Mr. Hung"), a fellow of the Hong Kong Institute of Certified Public Accountants and a practising certified public accountant in Hong Kong was appointed by the Company to assist Mr. Xu in overseeing the Company's financial reporting procedures and internal controls as set out in Rule 3.24 of the Listing Rules. Mr. Hung meets all the qualification requirements of Rule 3.24 of the Listing Rules. Before the retirement of Mr. An and the appointment of Mr. Xu, the Company has duly informed the Stock Exchange of the proposed change of the qualified accountant and applied to the Stock Exchange for a waiver from strict compliance with Rule 3.24 of the Listing Rules and it has been approved. The Waiver will cease (i) on 14 August 2010, or (ii) when Mr. Hung is no longer available in assisting Mr.Xu, whichever is earlier. In case of any of the aforesaid circumstances, the Company is required to immediately inform the Stock Exchange and take remedial steps to comply with Rule 3.24 of the Listing Rules. The Company has made an announcement for the matter of change in qualified accountant.

3. Change of auditors in last three years

SHINEWING (HK) CPA Limited

The financial statements for the year have been audited by SHINEWING (HK) CPA Limited. A resolution will be submitted in the forthcoming annual general meeting to re-appoint the auditors, SHINEWING (HK) CPA Limited as the auditors of the Group.

Sichuan Huaxin (Group) CPA Firm ("Sichuan Huaxin")

The Company was notified by Potevio Group, the controlling shareholder of the Company, on 18 November 2005 that, under the latest requirements as stated in Guo Zi Fa Ping Jia 2004 Document No. 173 in respect of appointment of auditors, the Company was required to remove Sichuan Huaxin as the Domestic Auditors of the Company and appoint another auditors to assume such position.

The Company had respectively approved the removal of Sichuan Huaxin and the appointment of ShineWing as the Company's domestic auditors at the EGM on 16 February 2006.

MATERIAL LITIGATION

To the knowledge of the Board, none of the Company or other members of the Group were involved in any material litigation or arbitration during the Year.

EXTRAORDINARY GENERAL MEETING

No extraordinary general meeting of the Company were held during the Year.

CODE ON CORPORATE GOVERNANCE PRACTICE

The Board considered that the Company had complied with the code provisions of the Code on Corporate Governance Practice set out in Appendix 14 of the Listing Rules during the Year. None of the Directors is aware of any data that would reasonably indicate that the Company is not or was not for any time of the year in compliance with the code provisions of the Code on Corporate Governance Practice in Appendix 14 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules.

After specific enquiries to the Directors, the Board is pleased to confirm that all Directors had fully complied with the codes as required in the Model Code for Securities Transactions by the Directors of Listed Companies in Appendix 10 of the Listing Rules during the Year.

AUDIT COMMITTEE OF THE BOARD ("AUDIT COMMITTEE")

Being responsible for conducting reviews of internal control and financial reports, the Audit Committee had reviewed the Company's audited financial statements for the year 2007.

The Audit Committee considered that the audited financial statements for the year 2007 had complied with the requirements of applicable accounting standard and law and appropriate disclosure was made.

ANNUAL REPORT AND ANNUAL GENERAL MEETING

The AGM for the Year will be held on 20 June 2008. Agenda of the meeting will be announced separately. The Company's annual report for the year ended 31 December 2007 and the notice of AGM will be posted to its shareholders as soon as possible.

CLOSURE OF REGISTER OF MEMBERS

Holders of the Company's H shares ("H Shares") are reminded that the register of members of the H Shares will be closed from 21 May 2008 to 20 June 2008 (both days inclusive), during which period no transfer of H Shares will be registered. Holders of the H Shares whose names appear on the register of members of the Company on 20 May 2008 are entitled to attend and vote at the AGM.

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 HKEX's website: http://www.hkexnews.hk and the Company's website: http://putian.wspr.hk.

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

Chengdu, PRC, 17 April 2008

The board of directors of the Company as at the date of this announcement comprises of::

Executive Directors:	*Zhang Xiaocheng, Kuo Aicheng, Zheng Jianhua, Li Tong, Jiang Kun and Xiong Siyun*
Independent Non-executive Directors:	*Choy Sze Chung, Jojo, Wu Zhengde and Li Yuanpeng*

* *For identification purposes only*