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)

2008 INTERIM RESULTS ANNOUNCEMENT

SUMMARY

- The Group recorded a turnover of RMB297,358,000 for the six months ended 30 June 2008 (the "Period"), representing an increase of approximately 1.5% as compared to the corresponding period of last year.

- During the Period, sales of copper cables and related products amounted to RMB229,016,000, representing an increase of approximately 5.33% as compared to the corresponding period last year. Sales of optical fibres by Chengdu SEI Optical Fibre Co., Ltd, a principal subsidiary of the Company, amounted to RMB41,343,000, representing a decrease of approximately 20.66% as compared to the corresponding period last year. Sales of heat and shrinkable joining sleeves by Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant and other products amounted to RMB26,999,000, representing an increase of approximately 15.25% as compared to the corresponding period of last year.

- During the Period, loss attributable to the shareholders was RMB17,936,000, as compared to a profit of RMB45,264,000 recorded for the corresponding period of last year.

- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2008.

The board of directors (the "Board") and the directors (the "Directors") of Chengdu PUTIAN Telecommunications Cable Company Limited (the "Company") announced the unaudited interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2008 (the "Period") in accordance with the accounting principles generally accepted in the Hong Kong Special Administrative Region ("Hong Kong") of the People's Republic of China (the "PRC") together with the comparative figures for the corresponding period in 2007 as follows:

INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE

	Notes	**2008** *RMB'000* **(Unaudited)**	2007 *RMB'000* (Unaudited)
Turnover	1	**297,358**	292,953
Cost of sales		**(271,011)**	(243,206)
Gross profit		**26,347**	49,747
Gain on disposal of prepaid lease payments on land use rights		**—**	65,248
Other income		**7,949**	3,485
Distribution costs		**(19,983)**	(17,738)
Administrative and other expenses		**(26,090)**	(36,711)
Operating (loss)/profit		**(11,777)**	64,031
Finance costs		**(1,308)**	(2,428)
Share of post tax losses of associates		**(770)**	(760)
(Loss)/profit before income tax		**(13,855)**	60,843
Income tax expense	2	**(1,684)**	(10,536)
(Loss)/profit for the period	3	**(15,539)**	50,307

INCOME STATEMENT (CONTINUED)

Attributable to:			
Equity holders of the Company		**(17,936)**	45,264
Minority interests		**2,397**	5,043
		(15,539)	50,307
Interim dividend	4	**—**	—
		RMB Cents per share	*RMB Cents per share*
Basic (loss)/earnings per share for (loss)/profit attributable to the equity holders of the Company	5	**(4.48)**	11.32

BALANCE SHEET

	Notes	**30.6.2008** *RMB'000* **(Unaudited)**	31.12.2007 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment	6	**301,016**	300,795
Prepaid lease payments on land use rights	6	**42,419**	44,055
Interests in associates		**112,467**	145,657
Available-for-sale financial assets		**2,728**	2,728
Total non-current assets		**458,630**	493,235
Current assets			
Inventories		**223,950**	171,078
Trade and bills receivables	8	**179,047**	162,251
Prepayments, deposits and other receivables		**50,126**	28,082
Available-for-sale financial assets		**230,230**	201,400
Long-term prepayments — current portion	7	**5,760**	5,760
Amounts due from associates		**19,291**	12,187
Amounts due from related companies		**849**	2,258
Current income tax refundable		**—**	1,413
Deposits with incumbrance		**70,937**	99,990
Cash and bank balances		**78,189**	96,844
		858,379	781,263
Assets classified as held for sale		**6,730**	5,951
		865,109	787,214

BALANCE SHEET (CONTINUED)

Current liabilities			
Trade and bills payables	9	**101,092**	77,400
Other payables and accrued charges		**194,830**	126,043
Deposits for staff quarters		**23,538**	23,565
Amounts due to associates		**995**	16,321
Amounts due to related companies		**243**	—
Current income tax payable		**271**	—
Bank and other borrowings			
— due within one year		**1,981**	20,395
		322,950	263,724
Net current assets		**542,159**	523,490
Total assets less current liabilities		**1,000,789**	1,016,725
Non-current liabilities			
Bank and other borrowings			
— due after one year		**14,621**	15,018
Net assets		**986,168**	1,001,707
Capital and reserves			
Share capital		**400,000**	400,000
Reserves		**490,307**	508,243
Equity attributable to equity holders of the Company		**890,307**	908,243
Minority interests		**95,861**	93,464
Total equity		**986,168**	1,001,707

STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company								
	Share capital	Share premium	Capital reserve	Other reserve	Statutory surplus reserve fund	Accumulated losses	Sub-total	Minority interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2007 (Audited)	400,000	303,272	288,855	10,582	51,019	(333,612)	720,116	94,014	814,130
Profit for the period (Unaudited)	—	—	—	—	—	45,264	45,264	5,043	50,307
Dividend paid to minority shareholders (Unaudited)	—	—	—	—	—	—	—	(1,600)	(1,600)
At 30 June 2007 (Unaudited)	400,000	303,272	288,855	10,582	51,019	(288,348)	765,380	97,457	862,837
At 1 January 2008 (Audited)	400,000	303,272	288,855	10,582	51,531	(145,997)	908,243	93,464	1,001,707
Loss for the period (Unaudited)	—	—	—	—	—	(17,936)	(17,936)	2,397	(15,539)
At 30 June 2008 (Unaudited)	**400,000**	**303,272**	**288,855**	**10,582**	**51,531**	**(163,933)**	**890,307**	**95,861**	**986,168**

CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE

	2008	2007
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) operating activities	**10,908**	(97,811)
Net cash used in investing activities	**(9,444)**	(31,002)
Net cash used in financing activities	**(20,119)**	(50,191)
Net decrease in cash and cash equivalents	**(18,655)**	(179,004)
Cash and cash equivalents at beginning of the period	**96,844**	344,758
Cash and cash equivalents at end of the period	**78,189**	165,754

NOTES

1. BUSINESS AND GEOGRAPHICAL SEGMENT INFORMATION

For management purposes, the Group's business is currently divided into three main operating segments, manufacture and sale of copper cable and related products, optical fibre 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 for the six months ended 30 June 2008 and 2007 about these businesses is presented below:

	For the six months ended 30 June 2008 (Unaudited)					
	Manufacture and sale of copper cable and related products *RMB'000*	Manufacture and sale of optical fibre and related products *RMB'000*	Manufacture and sale of cable joining sleeves and related products *RMB'000*	Other operations *RMB'000*	Elimination *RMB'000*	Consolidated *RMB'000*
SEGMENT TURNOVER						
External turnover	**229,016**	**41,343**	**26,999**	**—**	**—**	**297,358**
Inter-segment turnover	**1,011**	**515**	**—**	**—**	**(1,526)**	**—**
Total turnover	**230,027**	**41,858**	**26,999**	**—**	**(1,526)**	**297,358**
SEGMENT RESULT	**(24,144)**	**4,005**	**413**	**—**	**—**	**(19,726)**
Unallocated income						**7,949**
Finance costs	**(1,308)**	**—**	**—**	**—**	**—**	**(1,308)**
Share of result of associates	**—**	**(515)**	**61**	**(316)**	**—**	**(770)**
Loss before income tax						**(13,855)**
Income tax expense						**(1,684)**
Loss for the period						**(15,539)**

	For the six months ended 30 June 2007 (Unaudited)					
	Manufacture and sale of copper cable and related products	Manufacture and sale of optical fibre 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	217,417	52,110	23,426	—	—	292,953
Inter-segment turnover	65	—	17	—	(82)	—
Total turnover	217,482	52,110	23,443	—	(82)	292,953
SEGMENT RESULT	(17,583)	10,098	3,676	—	—	(3,809)
Unallocated income						67,840
Finance costs	(2,099)	(329)	—	—	—	(2,428)
Share of results of associates	(28)	(1,393)	—	661	—	(760)
Profit before income tax						60,843
Income tax expense						(10,536)
Profit for the period						50,307

All of the activities of the Group are based in the PRC and all of the Group's turnover and results are derived from the PRC.

2. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
The income tax expense comprises:		
PRC income tax		
— Provided for the period	**1,684**	11,746
— Over-provision in prior periods	**—**	(1,210)
	1,684	10,536

No provision for Hong Kong Profits Tax has been made in the interim financial statements as the Group's income neither arises in, nor is derived from Hong Kong.

The Company had 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 approved the Company to entitle the reduced enterprise income tax rate of 18% (2007: 18%).

PRC income tax for the subsidiaries is calculated at 18% to 25% (2007: 13% to 33%) of the estimated assessable profits for the period.

3. (LOSS)/PROFIT FOR THE PERIOD

	For the six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss)/profit for the period has been arrived at after charging (crediting):		
Provision/(reversal of provision) of impairment on inventories	**530**	(453)
(Reversal of provision)/provision for doubtful debts	**(24)**	1,323
Loss on disposal of property, plant and equipment	**—**	3
Depreciation of property, plant and equipment	**9,446**	8,720
Amortisation of prepaid lease payments on land use rights	**858**	309
Interest income	**(1,168)**	(1,400)

4. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2008 (six months ended 30 June 2007: Nil).

5. (LOSS)/EARNING PER SHARE

(a) Basic (loss)/earning per share

The calculation of basic (loss)/earning per share for the period is based on the Group's loss attributable to shareholders of the Company of approximately RMB17,936,000 (six months ended 30 June 2007: profit of RMB45,264,000) divided by 400,000,000 shares (six months ended 30 June 2007: 400,000,000 shares) in issue during the period.

(b) Diluted earning per share

Diluted earning per share is not presented by the Group as these are no dilutive potential shares during the six months ended 30 June 2008 and 2007.

6. PREPAID LEASE PAYMENTS ON LAND USE RIGHTS, PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB9,667,000 (six months ended 30 June 2007: RMB37,793,000) in additions to property, plant and equipment. No payment was spent by the Group in additions to prepaid lease payments on land use rights during both periods.

7. LONG-TERM PREPAYMENTS

The prepayments were paid by the Group in connection with the disposal of prepaid lease payments on land use rights.

8. TRADE AND BILLS RECEIVABLES

The Group allows an average credit period of 120 days to its trade customers. Bills receivables have an average maturity of 120 days. The following is an aging analysis of trade and bills receivables net of impairment loss at the balance sheet date:

	30.6.2008	31.12.2007
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 90 days	**132,797**	142,519
91-180 days	**30,782**	12,417
181-365 days	**8,447**	7,315
Over 365 days	**7,021**	—
	179,047	162,251

9. TRADE AND BILLS PAYABLES

	30.6.2008	31.12.2007
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
An aging analysis of trade and bills payables is as follows:		
Within 90 days	**78,345**	61,228
91-180 days	**9,765**	9,119
181-365 days	**7,359**	3,680
Over 365 days	**5,623**	3,373
	101,092	77,400

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Analysis of the results

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

During the Period, the Group recorded a turnover of RMB297,358,000, representing an increase of approximately 1.5% from RMB292,953,000 in the corresponding period last year. Among others, the turnover of copper cables and related products was RMB229,016,000, representing an increase of approximately 5.33% over the corresponding period last year. The turnover of optical fibres recorded RMB41,343,000, representing a decrease of 20.66% as compared with the corresponding period last year. The turnover of joining sleeves of cable recorded RMB26,999,000, representing an increase of around 15.25% over the corresponding period last year. The loss attributable to shareholders of the Company for the Period was RMB17,936,000. But the profit attributable to shareholders for the Company for six months ended 30 June 2007 was RMB45,264,000.

During the Period, the Company did not recognise any gain on disposal of land and the revenue was RMB65,248,000 in the corresponding period of last year.

Major Reasons for Loss from Principal Operations

The major resources of the Company include copper, plastic and aluminum panels. During the first half of the year, a slight increase was recorded in copper and aluminum panels, while plastic product was affected by the global surge of price in crude oil. The price of other downstream plastic products also increased remarkably, resulted in a relatively high cost in certain products of the Company during the first half of the Company when compared to the corresponding period last year. Furthermore, due to the substitution of optical cable for copper cable and the stiff market competition, the prices of plastic cables and cable joining sleeves of the Company recorded a relatively high level of reduction when compared to the corresponding period of last year, hence, laying an adverse impact to the operating profit of the Company.

Affected by the above factors, the gross profit of the Group's products was RMB26,350,000 for the period, representing RMB49,750,000 or a decrease of RMB23,400,000 over the corresponding period of last year. For the period, with the decrease of gross profit, the Group partly offset the influence arising from the decrease in gross profit by enhancing the internal control management of the Company, striving to increase other revenue and lowering the operating expense of the Company. During the period, while the gross profit decreased by RMB23,400,000 the loss before tax of the Group was RMB13,860,000, representing a loss of approximately RMB4,410,000 (less non-operational revenue from disposal of land) or an increase in loss of RMB9,450,000 over the same period of last year.

(2) Review of principal operations

The Board had proactively adjusted the production and operation strategies in response to internal and external environment of the Group and market demand. The major business activities of the Group during the Period are summarized as follows:

1. *Get over the earthquake*

The earthquake in Wenchuan City, Sichuan Province on 12 May 2008 has affected the Company's production and operation to a certain extent. Though buildings of the Company vibrated severely during the earthquake, there was no material destruction. One of the staff suffered from minor injuries and no other casualties were reported. The Company has commenced its self-rescue missions right after learning the news of such shocking disaster. We launched emergency meetings immediately and planned for post-earthquake safety and operations. All staff is back on track and emotionally stable, and normal operation was resumed.

2. *Adjustments in production and operation*

During the Period, because of the speeding up substitution of optical cable for copper cable, telecommunication customers substantially cut down the demand of copper cable, installed and replaced majority of the copper cable with optical cable. To cater for market changes and needs of customers and to perform well in the reinstallation of cables, the Company planned to set up a complex factory, specializing in disposal of replaced old cables. The Company could obtained major portion of market share in the business of cable reinstallation.

3. *Internal reform of the Company*

Assessments of staff were improved while on-job appraisal was in place. We made a reform on the use of company vehicles by managing and coordinating all vehicles of the Company through the Company office. Besides, we set-up a property management department to combine those services provided by property development department and living service department. We cancelled the multi-business department and the duties of such were taken over by the cable technology department. In addition, the working group of Party Committee and the Union Office were combined to form the Party-Masses Work Department.

4. *Perfecting fundamental management*

We improved standard systems covering the quality standard, management standard and job standard. We implemented the quality accountability and facilitate the investigation of quality indicators. Furthermore, we consolidated the quality management system, environmental management system and job safety management system. The Company also optimized on-site management and boosted the supervision of safe production. Additionally, we standardized various management systems of the Company, refined the scientific decision-making mechanism and innovation system, so as to improve the corporate management standard from time to time.

5. *Promoting innovative projects*

During the Period, the locomotive cable project has been substantially completed but the production did not launch. For equipment, the testing of wire twisting machines and frame winches processed with twisting conductors have completed. Multiple head wire drawing machines will be delivered at the end of the year. For prototypes production, the Company completed the production and testing of four small scale prototypes. Upon two large-scale are finished, all of the prototypes will send to Switzerland for further testing. The production will be launched after testing. The technology department has launched a market and cost-effectiveness analysis of the products, including symmetrical cables for frequencies of 3GHz for communication equipment, communication cables, new fine coaxial cables and extremely fine coaxial cables. The technology department did not advise the production of symmetrical cables and new fine coaxial cables as they are not marketable and economic effective. The Company has completed the review of equipment and raw materials in relation to extremely fine coaxial cables and a feasibility report is in progress. The cables of the SDYZP series with Ericsson broadband controlling procedures has also been completed, but the production did not launch.

6. *Optimize the capital structure*

The registration of transfer of equity interest in Dongguan CDC Cable Factory was in progress. The Company is currently undergoing the recovery of the cash consideration.

(3) Financial analysis

As at 30 June 2008, the Group's total assets amounted to RMB1,323,739,000, representing an increase of approximately 3.38% from RMB1,280,449,000 as at the end of last year. In particular, total non-current assets amounted to RMB458,630,000, accounting for approximately 34.65% of the total value and representing a decrease of approximately 7.02% from RMB493,235,000 as at the end of last year. Total current assets of the Group amounted to RMB865,109,000 as at 30 June 2008, accounting for approximately 65.35% of its total value and representing an increase of approximately 9.9% from RMB787,214,000 as at the end of last year.

The net cash inflow from operating activities of the Group during the Period amounted to RMB10,908,000 while the net cash outflow for the corresponding period of last year was RMB97,811,000.

As at 30 June 2008, the Group's bank balances and cash (including incumbranced deposits) amounted to RMB149,126,000, representing a decrease of approximately 24.24% from RMB196,834,000 as at the end of last year.

As at 30 June 2008, the Group's total liabilities amounted to RMB337,571,000 (as at 31 December 2007: RMB278,742,000). The liability to asset ratio was approximately 25.50%, representing an increase of approximately 3.73% as compared to 21.77% as at the end of last year. Bank loans and other loans due within one year amounted to RMB1,981,000, representing a decrease of approximately 90.29% from RMB20,395,000 as at the end of last year.

During the Period, the Group did not arrange other fund-raising activities.

During the Period, distribution costs, administrative and other operating expenses and finance costs amounted to RMB19,983,000, RMB26,090,000 and RMB1,308,000 respectively, representing an increase of 12.66%, a decrease of 28.93% and a decrease of 46.13% from RMB17,738,000, RMB36,711,000 and RMB2,428,000 respectively of the corresponding period of last year.

During the Period, the average gross profit margin of the Group was approximately 8.86%, representing a decrease of approximately 8.12% from 16.98% of the corresponding period last year.

During the Period, the trade and bills receivables and inventories of the Group amounted to RMB179,047,000 and RMB223,950,000 respectively, representing an increase of approximately 10.35% and 30.91% respectively from RMB162,251,000 and RMB171,078,000 respectively as at the end of last year.

1. *Analysis of liquidity*

   As at 30 June 2008, the Group's liquidity ratio and quick ratio were approximately 267.88% and approximately 198.53% respectively. Taking into account of the overall characteristics of the industry and the existing market conditions, the above financial information indicated that the liquidity of the Group was at the average level and the Group had a relatively good liquidity and debt repayment ability. However, it is considered that there is room for improvement of such ratios and the Company will focus on it with in-depth research.

2. *Analysis of financial resources*

   As at 30 June 2008, the Group's short-term bank loans and other short-term loans amounted to RMB1,981,000. This loan is repayable by installments and has been repaid by the Group in time as they fall due. The Group has adequate bank and cash balances of RMB149,126,000 after repayment of the said installment, thus, the Group is not exposed to risks in short-term repayment.

   As at 30 June 2008, the balance of a long-term loan for the purchase of accelerators from France amounted to approximately RMB12,402,000 (equivalent to Euro1,145,000), of which the banking credit facility amounted to RMB1,350,000 (equivalent to Euro65,000) at an interest rate of 7.35% per annum, and the French government secured bank loans amounted to approximately RMB11,052,000 (equivalent to Euro1,080,000) at an interest rate of 0.5% per annum. Given the fluctuations in the exchange rate of US Dollar in the international foreign exchange market, there are certain exchange risks involved in the Euro loans. The two long-term loans are payable by installments with a maximum repayment term of 36 years commencing from 1997. As the balance of long-term loans was not substantial, it does not have any impact on the operation of the Group.

3. *Capital structure of the Group*

The Group's capital resources are derived from bank loans and proceeds from share issue by the Company. To ensure proper utilisation of capital funds, the Group has established a stringent and sound financial management system. During the Period, no problem was noted for payment of due debts and inappropriate performance of due obligations.

In the future, the Group will strengthen the control and management of funds so that the funds can be fully utilised under normal production and operation.

(4) Business outlook

1. *Confront market challenges*

As telecommunication operators intensified the "replacement of copper cable by optical fibre" and the removal of old cables, telecommunication companies requested for the displacement of other telecommunication products in place of old cables. In response to such new market dynamics, the Company made proactive moves by updated and accurate calculation of the related cost for cable displacement alongside sound management of other related business. Hence forward, the Company has laid foundation for more substantial market seizure in cable displacement in its subsequent approach. In an active quest for the integration and adjustment of its portfolio of rods, optical fibres and cables or broadening of its industrial profile, the Company will take the lead in market competitions.

2. *Commitment in to technological innovation*

Endeavors will be made to complete massive production of mobile data cables and achieve a sound sales target by marketing initiatives. Much importance will be attached to the expansion of the production of data cables and relevant equipment will be purchased in due course. There will be upgrading, refining, professionalization and deviation of program-controlled cables, data cables and other cables for better profitability.

3. *Speed up corporate reforms*

The Company will perfect the central financial management system in various spectrums such as the commission of financial personnel, centralized capital management and procurement, tender and bidding. Besides, the Company will supervise commission of finance and capital accounts of subsidiaries, coupled with the provision of correct financial direction. 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.

The Company will strictly comply with the newly promulgated "Employment Contract Law". Organizational adjustment will also be carried out while assessment of personnel and on-job evaluation will be improved.

Management system of joint-ventures will be standardized. Communications will be strengthened and an effective feed-back system will be set up. Investment and management of capital investment will be further reinforced while resources will be allocated in a centralized and unified manner.

The Company will launch market research proactively for better market forecast. The Company will also value the accuracy and timeliness of market information, which provides ground to the Company's decisions.

A harmonious corporate environment will be created and a sustainable and healthy development will be facilitated to improve the corporate culture featuring the Company. Openness will be encouraged in an effort to elaborate issues and problems that concern all staffs so as to safeguard their statutory interests in full force.

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 30 June 2008, the Company had used an aggregate amount of approximately 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 and Renminbi.

OVERDUE TIME DEPOSITS

As at 30 June 2008, the Group does not have any deposits or trust deposits with non-bank financial institutions nor time deposits that cannot be recovered on maturity.

Although the Company decided at the 2000 annual general meeting to write off the principal of the deposit of RMB30,000,000 in China Leasing Company Limited as bad debt, the Company has not given up on recovering this amount. During the Year, the Company continued to claim repayment against China Leasing Company Limited.

ENTERPRISE INCOME TAX

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 the income tax at a preferential rate of 18% for high-tech enterprises (2007: 18%). The Company is not entitled to any income tax rebate.

STAFF AND REMUNERATION POLICY

At 30 June 2008, the Group had 1,242 staff members.

The Group remunerates its employees based on their performance, experience and prevailing industry practices. Other benefits offered to the employees include retirement benefits plans, medical benefits plans and housing fund plans. The Group also provides training to its employees.

SALE OF STAFF QUARTERS

In 2006, the Group had an approved a program for raising funds from its employees to construct staff quarters. As at 30 June 2008, a total of prepaid deposits of approximately RMB23,538,000 was received from the employees. The Company will transfer the ownership rights of the staff quarter to employees upon completion.

SOCIAL OBLIGATION

The Group together with its staff donated a total of RMB907,774 as a support to earthquake relief in hit areas during the earthquake in Wenchuan, Sichuan in May 2008 and the construction of Hope Schools.

PURCHASE, SALE OR REPURCHASE OF LISTED SECURITIES

During the Period, none of the Company's listed securities was purchased, sold, redeemed, repurchased or cancelled by the Company or any of its subsidiaries.

SIGNIFICANT EVENTS

(i) Sale of 75 per cent of equity interest of Dongguan CDC Cable Factory ("Dongguan CDC")

On 13 January 2008, the Company and Dongguan Huiyuan Industrial Group Company Limited (the "Purchaser") entered into the Agreement on Transfer of State-owned Equity Interest, pursuant to which the Company agreed to dispose the equity interest in Dongguan CDC for an aggregate consideration of RMB176,713,000, which comprises the cash consideration in the amount of RMB124,000,000 and the assumption by the Purchaser of a debt in the amount of RMB52,713,000 owed by the Company to Dongguan CDC. (Details of which are set out in the Company's announcement dated 13 January 2008.) As at 30 June 2008, the registration transfer procedures is in progress.

(ii) Change of Auditors

On 20 August 2008, the shareholders of the Company approved (i) SHINEWING (HK) CPA Limited be removed as the international auditors of the Company and PKF Certified Public Accountants be appointed as the new international auditors of the Company; and (ii) ShineWing Certified Public Accountants be removed as the domestic auditors of the Company and Daxin Certified Public Accountants be appointed as the new domestic auditors of the Company, to hold offices until the conclusion of the next annual general meeting of the Company.

AUDIT COMMITTEE

The members of the audit committee of the Company (the “Audit Committee”) are Mr. Choy Sze Chung, Jojo, Mr. Wu Zhengde and Mr. Li Yuanpeng.

The Audit Committee is responsible for the internal controls and review and report of financial information of the Company and has reviewed the unaudited interim consolidated financial information and interim report for the six months ended 30 June 2008 of the Group.

The Audit Committee considered that the interim consolidated financial information and interim report for the year 2008 had complied with the requirements of applicable accounting standard and law and appropriate disclosure was made.

EXTRAORDINARY GENERAL MEETING

No extraordinary general meeting of the Company was held during the Period.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICE

The Board considered that the Company had complied with the code provisions set out in the Code on Corporate Governance Practice (the “Code”) as stated in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) during the Period. None of the Directors is aware of any information that would reasonably indicate that the Company is not or was not for any time of the Period in compliance with the requirement of the Code.

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

During the Period, the Company has adopted the Model Code set out in Appendix 10 of the Listing Rules.

After specific enquiries to the Directors, the Board is pleased to confirm that all Directors had confirmed that they have fully complied with the Model Code during the Period.

DISCLOSURE OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

Details related to 2008 interim results of the Group will be announced on the website of the Stock Exchange (http://www.hkexnews.hk) and set out on the website of the Company (http://putian.wsfg.hk).

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

Chengdu, the PRC, 21 August 2008

The Board of the Company as at the date of this announcement comprises of:

Executive Directors:	Mr. Zhang Xiaocheng *(Chairman)*, Mr. Kuo Aicheng, Mr. Zheng Jianhua, Mr. Chen Ruo Wei, Mr. Li Tong and Mr. Xiong Siyun
Independent Non-executive Directors:	Mr. Choy Sze Chung, Jojo, Mr. Wu Zhengde and Mr. Li Yuanpeng

* *For identification purposes only*