Potevio

中国普天

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

(Stock Code: 1202)

Annual Report 2009

CONTENTS

CORPORATE PROFILE

Chengdu PUTIAN Telecommunications Cable Company Limited (the "Company") is one of the largest telecommunications cable manufacturers in the People's Republic of China (the "PRC").

The Company was incorporated in the PRC on 1 October 1994 after its restructuring and has listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 13 December 1994 through the placing and public offer of 160,000,000 H shares ("H Shares"). China Potevio Company Limited ("China Potevio" or "CPCL", a wholly owned subsidiary of China PUTIAN Corporation ("Potevio Group")) is the controlling shareholder of the Company.

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

Registered office and office address of the Company in the PRC:
No. 18, Xinhang Road, the West Park of Hi-tech Development Zone, Chengdu, Sichuan Province, the PRC

Postal Code: 611731

FINANCIAL HIGHLIGHTS

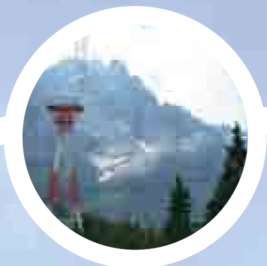
SUMMARY OF OPERATIONS

	2009 ***RMB'000***	2008 *RMB'000*
Turnover	**571,340**	649,162
(Loss)/profit from operations	**(18,202)**	26,243
Share of profit of associates	**27,152**	2,586
Profit before income tax	**7,857**	115,494
(Loss)/profit attributable to equity holders of the Company	**(9,259)**	117,496
Basic (loss)/earnings per share	**RMB(0.02)**	RMB0.29

SUMMARY OF NET ASSETS

	31 December ***2009*** ***RMB'000***	31 December *2008* *RMB'000* (Restated)
Total assets	**1,518,109**	1,448,341
Total liabilities	**319,364**	264,986
Net assets	**1,198,745**	1,183,355
Net assets per share*	**RMB2.71**	RMB2.70

* Net assets per share as at 31 December 2009 is calculated on the basis of net assets attributable to the owners of the Company of RMB1,085,929,000 (2008: RMB1,080,526,000) and the total issued shares of 400,000,000 shares (2008: 400,000,000 shares).



Dear Shareholders,

I am pleased to present the annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2009 (the "Year") and would like to express our kind regards to all shareholders of the Company (the "Shareholders") on behalf of the board of directors of the Company (the "Board") and all staff members of the Company.

During the year, the Company's profit before tax was approximately RMB7,857,000 and loss attributable to Shareholders amounted to RMB9,259,000. Basic losses per share of the Company were RMB0.02.

In 2009, in spite of complex and difficult business environment, the Company not only recorded a net profit as a whole, but also made satisfactory achievements in operations and management, together with a substantial progress made in the research and development of two new products, namely electrical equipment cable and ultra fine electronic wires. All these have been achieved through vigorous and dedicated efforts by all our staff based on the key note of "updating product offerings and seeking sustainable development", while adhering to the principle of "striving for satisfactory outcome from new products while improving cost-effectiveness".

The year 2010 is the last year of the Eleventh Five-Year Plan, and is also a critical time for the Company's development. Looking forward into 2010, we will continue with our focus on business in communications industry with an aim to enhancing our production and sales capacity. While we should hold firmly to our existing business, it is an imminent task for us to grow new performance drivers as soon as possible to boost the rapid development of the Company. Much to our delight, the technical innovation project in which we have been making great efforts for years, namely the electrical equipment cable and ultra fine electronic wires, has embarked on an upward trend. We also have been well prepared to make the breakthrough; however, to accomplish the critical leap, joint efforts are still needed to assist. In 2010, we aim to reinforce all-round risk management, while endeavouring to promote energy saving and emission reduction as well as management of workplace safety. More investment is to be made to accelerate the establishment and improvement of technical innovation mechanism which could not only increase and speed up the innovation outcomes but also facilitate the transformation of such outcomes. With solid and smart efforts and brave spirit, we are to push forward the transformation of our development mode. What is more, every effort is to be made to launch the two new projects on the market and realize scale production as soon as possible, so as to turn them into production capacity, form a new profit driver and ultimately improve our corporate benefits.

We aspire to promote transformation, ensure profitability, enhance development momentum, expand development potential and open up a fresh development pattern. For us, the year past is a fruitful year, and the year 2010 is bound to be an ambitious year.

Lastly, I would like to take this opportunity to express my gratitude on behalf of the Board to the Shareholders and the staff of the Group for their support and trust to the Company throughout the year.

Zhang Xiaocheng
Chairman

26 March 2010

RESULTS OVERVIEW

During the Year, the main products of the Group are plastic urban telephone cables, program controlled cables, feeder cable, optical fibres and cable shrinkable joining sleeves.

EXPLANATION FOR BUSINESS RESULTS

During the Year, the Group did not record any gain on disposal of land use rights. It had, however, recognised a gain on disposal of land of approximately RMB88,521,000 during the previous year (the gain was fully recovered last year). In addition, the Group's reversal of asset impairment allowance for the Year had decreased by approximately RMB51,766,000 over the previous year, it recorded a relatively significant decrease in other gains.

If the effects of the above two factors are excluded, the Group's profit before income tax for the Year should have increased as compared with the previous year.

During the Year, the replacement of copper cable by optical fibre had a ripple effect on the Group, leading to additional loss in its turnover and a relatively low level of profit from copper cable. In this connection, the Company will step up its efforts to accelerate the marketing of its new products, so as to minimise the effects of the decrease in turnover due to the shrink of the copper cable and related products segment, and bring new profit growth points for the Company.

REVIEW OF PRINCIPAL BUSINESS

1. IMPROVED QUALITY OF MANAGEMENT AND TIDED OVER OPERATIONAL DIFFICULTIES

On procurement front, we strengthened internal control and cost calculation and established the linkage and interaction mechanism among sales, finance, supply and production. We also introduced reporting system to joint ventures and associate companies in their bulk purchase of cable raw materials and reduced procurement cost through inviting bids from all suppliers.

On finance front, we enhanced financial budget control; on the basis of quarterly analysis on production and operation, we closely followed the cost of each product and made timely adjustments to its production. In addition, smooth implementation of new projects was ensured by reasonable capital allocation.

On marketing front, we adjusted existing sales network based on our operation status. Targeting three major sectors, namely traditional products, locomotive cable market and ultra fine electronic wire, we set to build the sales platform, adjust sales strategy and sales personnel. Moreover, we increased development efforts in programme-controlled cable and data cable in order to offset the effect from shrinking urban telephone cables market.

On investment management front, we continued to liquidate the non-performing investments. In particular, the liquidation of Sichuan Provincial Telecommunications Cable Plant Company Limited ("Sichuan Provincial Telecommunications") is nearly complete; the preliminary proposal regarding the disposal of Chengdu Peak Power Sources Co., Ltd. ("Chengdu Peak") was also available. In addition, we conducted strict evaluation on joint ventures and associate companies with an aim to strengthening our control over significant matters in their production and operation.

On the front of technology for existing copper cable products, we prepared layout of technical process for repurchased equipment in Dongguan Factory, conducted Underwriter Laboratories (UL) certification for programme-controlled cable, and prepared and organised the implementation of reutilisation programme for coiling reel of programme-controlled cable. The industrial standards for cable-to-household based on Digital Subscriber Line (xDSL) transmission formulated under the guidance of the Company had been released for execution during the Year.

On the front of information technology, the Company established information technology panel in April 2009 and chose the Integrated Management Information Systems (IMIS) currently in use at China Potevio. In October 2009, we started to implement cooperative office system and IMIS system. By the end of December 2009, IMIS system commenced on-line test run.

2. INCREASED EFFORTS IN NEW PRODUCT DEVELOPMENT WHICH SAW EFFECTIVE OUTCOMES

Electrical equipment cable project

In July 2009, we completed the installation and commissioning of multiple head wire drawing machine, and successfully put them into production. In early September 2009, we obtained the 3C certification for cable for cotton covered wire (Polyvinyl chloride insulated cables of rated voltages up to and including 450/470V) and Railway applications-Railway rolling stock power and control cable. As to cable for rail transit vehicle, the Company developed three major series of cable based on European standard, French standard and national standard, respectively. We have obtained relevant testing reports from Shanghai Cable Research Institute for our European standard cables. In addition, both of our European standard cable and national standard cable passed the DIN5510 flame test of German laboratory as certificated by Union of European Railway Industries. Meanwhile, we made noticeable progress in market development, and aspired to secure cable contract for metro projects.

Ultra fine electronic wire project

Since its launch in early 2009, the ultra fine electronic wire project advanced smoothly in all aspects. On one hand, the draft national standard and industrial standard for ultra fine coaxial cable was completed and posted on the website, and will be released upon approval; the first draft of industrial standard for ultra fine power cord was also completed. On the other hand, with completion of equipment installation and commissioning, as well as commencement of trial production in August 2009. In addition, the project was able to operate on the basis of mass production for certain products, for which, we obtained satisfactory test report from authoritative test institute in early November 2009, and signed the first component contract in late December 2009.

FINANCIAL ANALYSIS

TURNOVER

For the Year, the turnover of the Group amounted to approximately RMB571,340,000, a decrease of 11.99% as compared to approximately RMB649,162,000 for the year ended 31 December 2008 (the "Previous Year").

During the Year, the turnover of copper cables was approximately RMB370,667,000, a decrease of 21.85% as compared with the Previous Year, of which plastic urban telephone cables accounted for RMB50,400,000, a decrease of 56.88% as compared with the Previous Year; programme-controlled cables amounted to RMB47,323,000, an increase of 2.04% 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 RMB109,949,000; Chengdu Shuangliu Shrinkable Products Factory ("Shuangliu Heat Shrinkable"), a company in which the Company owns 66.7% equity interest, recorded a turnover of cable joining sleeves of approximately RMB90,724,000.

LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The net loss attributable to equity holders of the Company for the Year amounted to approximately RMB9,259,000, representing a decrease of 92.12% as compared with profit of approximately RMB117,496,000 for the Previous Year.

RESULTS ANALYSIS

As at 31 December 2009, the Group's total assets were approximately RMB1,518,109,000, representing an increase of 4.82% as compared with approximately RMB1,448,341,000 as at the end of Previous Year. Current assets amounted to approximately RMB877,126,000, accounting for 57.78% of the total assets and representing a decrease of 0.12% as compared with approximately RMB878,242,000 as at the end of Previous Year. Property, plant and equipment totalled approximately RMB283,352,000, accounting for 18.66% of the total assets and representing an increase of 2.86% as compared with approximately RMB275,483,000 as at the end of Previous Year, which was mainly attributable to the fact that the Company's construction of the western district was completed and transferred into property, plant and equipment.

As at 31 December 2009, the Group's total liabilities amounted to approximately RMB319,364,000; liability-to-asset ratio was 21.04%; bank and other short-term loans were approximately RMB15,700,000, representing a decrease of 18.23% as compared with approximately RMB19,200,000 as at the end of Previous Year. During the Year, the Group did not arrange other capital raising activities.

As at 31 December 2009, the Group's bank deposits and cash totalled approximately RMB412,305,000, representing an increase of 49.94% as compared with RMB274,986,000 as at the end of Previous Year.

During the Year, the Group's distribution costs, administrative and other operating expenses, and finance costs amounted to approximately RMB49,374,000, RMB67,273,000 and RMB1,093,000 respectively, representing an increase of 4.02%, a decrease of 0.70% and a decrease of 41.11% respectively as compared with approximately RMB47,468,000, RMB67,750,000 and RMB1,856,000 respectively in Previous Year.

As at 31 December 2009, the Group's trade and bill receivables and inventories amounted to approximately RMB138,930,000 and RMB258,574,000 respectively, representing a decrease of 32.29% and an increase of 28.72% respectively as compared with RMB205,192,000 and RMB200,880,000 respectively as at the end of Previous Year.

ANALYSIS OF CAPITAL LIQUIDITY

As at 31 December 2009, the Group's current assets amounted to approximately RMB877,126,000 (2008: RMB878,242,000), current liabilities were approximately RMB308,786,000 (2008: RMB254,557,000), the annual average receivables turnover period was 110 days and the annual average inventory turnover period was 168 days. The above data indicates that the Group's capital liquidity was reasonable but there is still room for improvement. Liquidity and repayment ability were satisfactory.

ANALYSIS OF FINANCIAL RESOURCES

As at 31 December 2009, the Group's bank and other short-term loans were approximately RMB15,700,000. As the Group had sufficient bank deposits and cash with a total amount of approximately RMB412,305,000, therefore, the Group does not have short-term repayment risk.

NON-CURRENT LIABILITIES AND LOAN

As at 31 December 2009, the outstanding amount of the Group's long-term loan incurred as a result of the purchase of a French accelerator was approximately RMB10,578,000 (equivalent to approximately EUR1,078,000), which is French government guaranteed bank loan at an interest rate of 0.5% per annum. The loan denominated in Euros is subject to exchange rate risks resulting from fluctuations of the exchange rate in the international foreign exchange market. This long-term loan is instalment loan in respect of which the maximum repayment period is thirty-six years. As the outstanding amount of the long-term loan is not substantial, there is no material impact on the operations of the Group.

CAPITAL STRUCTURE OF THE GROUP

The Group's capital is derived from bank and other loans, raised proceeds, corporate profit and proceeds from the disposal of the land use rights of the old site of the Company. The use of raised proceeds strictly complied with legal requirements. In addition, in order to ensure the proper utilization of capital, the Group has strengthened its existing financial management. 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.

CASH AND SOURCE OF FUNDS

The Group's net cash inflow from operating activities amounted to approximately RMB97,930,000 during the Year (2008: net cash outflow of approximately RMB86,525,000).

During the Year, the Group spent approximately RMB11,943,000 (2008: RMB7,583,000) and approximately RMB68,747,000 (2008: RMB59,293,000) respectively on purchases of property, plant and equipment and on construction-in-progress.

As at 31 December 2009, the Group's total liabilities and non-controlling interests amounted to approximately RMB432,180,000 (2008: RMB367,815,000). The Group's interest expenses were approximately RMB753,000 for the Year (2008: RMB1,589,000).

CONTINGENT LIABILITIES

As at 31 December 2009, the Group did not have any contingent liabilities (2008: Nil).

BUSINESS OUTLOOK

1. INSIST ON STRATEGIC THINKING AND ADJUST STRUCTURE TO PROMOTE DEVELOPMENT

Seek stable development in optical fibres and cables and heat shrinkable products

As optical fibres and cables and heat shrinkable products will be subject to the impact of various factors, it is difficult to maintain high level of profitability, thus 2010 is expected to see a depressed profit for optical fibres and cables and our top priority is to ensure a steady development in this area. In response, we seek to minimise the adverse effect on profitability due to a price decline of optical fibre and cable through expansion of production capacity and development of optical hardware market based on market conditions. Chengdu MCIL Radio Communications Co. Ltd. will strive to enhance its internal management and set up a new structure of product portfolio as early as possible through in-depth technical research and development and flexible cooperation with external parties, so as to step out of the cut-throat industry competition and make plans for expanding its component processing capacity. Shuangliu Heat Shrinkable is to minimise the impact on sales due to relocation through reasonable arrangement for production and relocation.

Reduce loss in traditional copper cable business

As the Company has suffered a significant loss in its telecommunications copper cable business, in 2010, it is determined to first carry out the replacement of plastic power cables and dispose of scrapped copper cables in due course with an aim to maximising benefit for the Company; second, strengthen cost control throughout the production process, further refine assessment indicators and conduct in-depth survey and analysis based on quarterly economic activities. Meanwhile, problems arising from production shall be promptly resolved by coordination and streamlined production will be facilitated so as to improve gross margin and lessen losses. In addition, we are to explore new operation mechanisms aiming to realise an orderly advance and retreat for telecommunications copper cable business.

Increase investment in new products to expand market

It is imperative for the Company in 2010 to expand the scale of electrical equipment cable project in a timely and smooth manner, and it also serve as a premise for the Company to become a major supplier of locomotive cables. Accordingly, a project team led by Guo Aiqing, General Manager of the Company, has been set up to concentrate the Company's resources to firmly push forward the development of the project. Another major task of the Company is to tap new markets. We aim to enter into the market of cable used for rail transit vehicles by leveraging our presence in the market of cable used for metro locomotive. More efforts will be put in the preparation for certification, in order to obtain the certification from China Railway Certification Center of Ministry of Railway ("CRCC") as early as possible. Besides, we will broaden the range of electrical equipment cables, keep exploring special cable market, expand business scope and make better use of the equipment's processing capacity.

For the ultra fine electronic wire and component project, equipment installation and trial commissioning (other than a small number of equipments to be purchased) has been completed, the production line has been in place with a pilot production capacity and market development has been rolled out gradually. The Company will be set to implement the processing of ultra fine electronic wire and components and build a marketing team for such products.

2. STRENGTHEN FUNDAMENTAL MANAGEMENT TO IMPROVE OPERATION LEVEL

Standardise internal control to enhance risk control

We will raise our risk prevention awareness and incorporate the requirements of risk control and internal control into the whole process of management. Relevant risk management system will be formulated and optimised based on the integrated framework of enterprise risk management. We will raise awareness of risk identification and precaution, carry out scientific forecast analysis on risks and perform risk assessment on strategic decisions. Authorization management will also be improved in order to enhance control of the signing and execution of contract; and we will implement the plan to build corporate legal system, with an aim to establishing a general legal advisory system and a legal risk prevention mechanism at a preliminary stage, and advocating legal reviews on material decisions, rules and regulations and contracts.

Strengthen refined management to improve cost control ability

We are to carry out contract-based cost management with cost target and gross margin target expressly specified, with a view to reducing production cost and pushing up gross profit margin of existing products through exploration of new growth. On the other hand, the connection between production and sales is to be enhanced with a sales-oriented procurement and production, inventory is to be maintained at reasonable level and regular analysis and reporting system is to be established for inventory. In addition, copper cables received from the replacement is to be disposed of at appropriate timing to ensure collection of payments on one hand and seek maximum profit on the other.

Conduct sound financial management to ensure budget targets are met

The Company will take the annual budget as the basis for carrying out each operation and management activity, and formulate specific measures and plans to meet the annual budget target. In connection with the annual budget, a dynamic follow-up is to be implemented and a regular analysis and reporting system is to be established, so as to conduct analysis on the deviation from the budget during business development and management. We will reinforce centralised capital management and closely control external guarantees to reduce relevant risks. Moreover, cash flow management will be tightened with sound capital planning; receivables and inventory management is to be strengthened to reduce capital occupation.

Take aim at target markets and enhance marketing efforts

We plan to put more efforts in market development and devote more resources on the target markets for the two new products. We are also to enrich the sales team and build a sales platform for the new products while exploring new marketing approach and keeping abreast of market development; it is also necessary to improve the calibre of sales staff and improve incentive mechanism to fully arouse their initiatives. In the meanwhile, efforts must be made to cement the market of traditional copper cable products. As for plastic cables, programme-controlled cables and data cables, the sales volume is to be maintained at a reasonable level through market segmentation and adopting a combined marketing strategy. The replacement of all plastic products will be carried out properly, so as to reduce the adverse impact due to depressed demand.

Strive for a sound investment management

We will strengthen our supervision and management on joint ventures and associate companies, especially in the area of their operation status, so that we could provide necessary guidance for sound operation. In this connection, the Key Performance Indicators ("KPI") assessment and incentive policies are to be improved. Chengdu CCS Optical Fibre Cable Co., Ltd. ("Chengdu CCS") is expected to complete its capacity expansion plan of 5,000,000 fibre km in the middle of the year; Chengdu SEI is expected to complete the installation and trial commissioning of its 2 # and 3 # production lines in the second quarter which will increase its capacity to 2.40 million fibre km; and Shuangliu Heat Shrinkable is to further explore the market for its non-communication products with an aim to raising its market share. We will organise to have standardised management systems in place for any joint ventures and associate companies, and exert strict inspection on their implementation. While ensuring smooth implementation of existing cooperation projects, we will seek other cooperation in more areas and at multiple levels with the guidance and assistance of China Potevio. In the meantime, we are to increase our efforts in trimming our long-term investments and accelerating the disposal of idle assets and non-performing assets. With regard to the investment projects, we will strengthen feasibility studies and post-project evaluation management and establish a regular analysis and reporting system. From the position of investors, we are to lay down pertinent development and investment strategies in respect of joint ventures and associate companies, so as to maximise investors' benefit.

Enhance human resource management and promote the strategy of "human-based development"

Management of senior staff is of top priority in our human resources management. In this regard, we are to evaluate, appoint and dismiss our senior staff mainly based on their contribution to Potevio Group's development, production and operation. In addition, we will implement the Guidance on Position Management Systems in Invested Enterprises by Potevio Group, introduce the international job evaluation system on a trial basis and promote fresh measures for remuneration management and performance assessment. Professional talents will be employed and trained to serve the research and development of new products. We aspire to make breakthrough in engagement of high-end talents for our urgent need and seeking experts' technical advice. Meanwhile, more efforts are to be made in staff deployment so that their talents could be brought into full play and more human resources could be devoted to more promising and profitable products. More effective and viable incentive mechanism will be established to boost enthusiasm of our staff in full measure. Furthermore, we are to provide training on financial knowledge and risk management for senior management, increase efforts in professional and vocational training for key staff and carry out the campaign of building excellent teams, with an aim to enhancing general competence of senior management team, and eventually to serving the needs of the Company's future development.

Continue to promote centralised and standardised procurement

We will continue to improve our procurement system, which is expected to cover the purchase made at research and development stage, so as to effectively control material cost and realise multi-channel supply. Supplier assessment will be carried out on a trial basis to establish a competition mechanism among suppliers by dynamic optimisation. With regard to bulk procurements, we plan to set up a regular analysis and reporting system and enhance the communication and information sharing between headquarters and joint ventures and associate companies; we will also promote the practice of joint negotiation but signing of separate contract for bulk procurements, with an aim to improving procurement efficiency. In addition, with more comparison on quality and price, we strive to improve the product quality and reduce costs for our procurements through centralised procurement.

Strengthen management of quality, environment and occupational health & safety

We will continue to improve the integrated management system of quality, environment and occupational health & safety, strengthen process management and establish a scientific mechanism for continuous improvement of system operation. Every effort is to be made to ensure satisfactory product quality as well as effective control on significant environmental factors and major sources of hazards. We are to pass the certification by institutes engaged by major customers for our electrical equipment cable products and also attain CRCC certification for such products. The extremely fine coaxial cable is to be covered by the Three Systems and UL certification is to be obtained for products as required by customers. Moreover, proper efforts will be made in third-party audit for 3C and the Three Systems.

Accelerate the development of information technology

The Company is to formulate information technology planning and make it part of its corporate strategic development planning. The Company is to leverage on information technology to streamline the management processes and improve operational efficiency, while taking the application of information-based system as the means to standardise and enhance its overall management, so as to cater for the growth of the Company. To be specific, we will promote the effective integration and efficient utilisation of various information resources; take full advantage of the established IMIS system in collaborative office and contract management with an aim to standardising procedures and improving efficiency.

The Board is pleased to present its report and the audited financial statements of the Group for the Year.

ACCOUNTS

1. The results of the Group are set out in the consolidated income statement on page 52 of this annual report.

2. The financial position of the Group as at 31 December 2009 are set out in the consolidated statement of financial position on pages 54 to 56 of this annual report.

3. The changes in equity of the Group are set out in the consolidated statement of changes in equity on pages 57 and 58 of this annual report.

4. The cash flows of the Group are set out in the consolidated statement of cash flows on pages 59 and 60 of this annual report.

FINANCIAL HIGHLIGHTS

The following is the financial highlights of the Group for the five financial years ended 31 December 2009 which were extracted from the consolidated financial statements prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS").

	2009	2008	2007	2006	2005
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Restated)	*(Restated)*
Turnover	**571,340**	649,162	627,936	550,714	485,570
Profit before income tax	**7,857**	115,494	194,592	201,217	20,239
Income tax (expense)/credit	**(5,799)**	12,367	(5,532)	(9,118)	(5,073)
Profit for the Year	**2,058**	127,861	189,060	192,099	15,166
Attributable to:					
(Loss)/profit attributable to equity holders of the Company	**(9,259)**	117,496	187,942	189,884	28,255
Minority interests	**11,317**	10,365	1,118	2,215	(13,089)
	2,058	127,861	189,060	192,099	15,166
Total assets	**1,518,109**	1,448,341	1,331,039	1,176,107	935,685
Total liabilities	**(319,364)**	(264,986)	(278,742)	(311,387)	(271,808)
Minority interests	**(112,816)**	(102,829)	(93,464)	(94,014)	(82,938)
Total net assets	**1,085,929**	1,080,526	958,833	770,706	580,939

PRINCIPAL ACTIVITIES

The principal activities of the Group are the manufacture and sale of various types of telecommunications cables, optical fibres and cable joining sleeves.

The Group's turnover and contribution to results from operations for the Year are analysed in segments according to the Group's principal activities and geographical markets as set out in note 6 to the consolidated financial statements on pages 83 to 90 of this annual report.

MAJOR SUPPLIERS AND CUSTOMERS

The analysis of the Group's single largest supplier, the top five largest suppliers, the single largest customer and the top five largest customers for the Year are as follows:

	Percentage (%)	
	2009	2008
Purchases		
Single largest supplier	**18**	26
Five largest suppliers combined	**51**	52
Sales		
Single largest customer	**22**	20
Five largest customers combined	**47**	44

As far as the directors of the Company (the "Directors") are aware, none of the Directors or supervisors of the Company (the "Supervisors") or their respective connected persons or any Shareholders holding more than 5% of the Company's share capital owned any direct or indirect interests in any of the five largest suppliers or the five largest customers of the Group for the Year.

FINAL DIVIDEND

The Board did not recommend the payment of any final dividend for the year ended 31 December 2009 (2008: Nil).

SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2009 are set out in note 33 to the consolidated financial statements on page 117 of this annual report.

PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION-IN-PROGRESS

Details of the changes in the property, plant and equipment and construction-in-progress of the Group during the Year are set out in notes 15 and 17 respectively to the consolidated financial statements on pages 98 to 99 and 101 of this annual report respectively.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 29 to the consolidated financial statements on page 113 of this annual report.

The Company did not had any proposal for bonus issue, placing of shares or issue of new shares during the Year and there was no change in the share capital of the Company during the Year and the period from 31 December 2009 up to the date of this annual report.

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 2009, 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 in 1998 and 2001 respectively, 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 remaining balance of the unutilized proceeds amounting to approximately HK$50,571,000 is deposited with banks in the PRC in US dollars and Renminbi.

OVERDUE TIME DEPOSITS

As at 31 December 2009, the Group did not have any deposit and trust deposit with non-bank financial institutions nor time deposits that cannot be recovered on maturity.

INCOME TAX

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress promulgated the Corporate Income Tax Law of the PRC (the "New Tax Law"), which became effective on 1 January 2008. With the passing of the New Tax Law, applicable statutory corporate income tax rate of the companies under the Group was amended from 33% to 25% commencing from 1 January 2008.

With the exception of Chengdu Gaoxin Cable Company Limited ("Gaoxin Cable"), a non-wholly owned subsidiary, the Group has been recognised as a technologically advanced enterprise by the relevant authorities. Pursuant to the Income Tax Laws concerning technologically advanced enterprise in Chengdu, the State Tax Authority in Chengdu has approved the Group to be entitled to the preferential tax rate of 15% until 2007. In 2008, the Group was again recognised as a technologically advanced enterprise and was entitled to the preferential tax rate for three years until 2010.

Gaoxin Cable had no assessable profit in the Year and was not entitled to the preferential tax rate.

NUMBER OF SHAREHOLDERS

Details of the number of Shareholders as recorded in the register of members of the Company as at 31 December 2009 are as follows:

Classification	Number of Shareholders
State-owned legal person shares	1
Overseas listed foreign invested shares — H Shares	92
Total number of Shareholders	93

SHAREHOLDING OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2009, the largest Shareholder was China Potevio, holding 240,000,000 issued state-owned legal person shares, representing 60% of the total issued share capital of the Company. At the beginning of the Year, HKSCC Nominees Limited ("HKSCC", holding shares of the Company on behalf of various customers) held 154,890,998 H Shares of the Company, representing 38.72% of the total issued share capital of the Company. At the end of the Year, HKSCC held 155,972,998 H Shares of the Company, representing 38.99% of the total issued share capital of the Company.

As at 31 December 2009, save as stated in this section, there are no interests or short positions in the shares or underlying shares of the Company recorded in the register required to be kept under Section 336 of the Securities and Futures Ordinance (the "SFO"). Saved as stated in this section, at any time during the Year, the Board was not aware of any person holding any interests or short positions in the shares or underlying shares of the Company which are required to be disclosed pursuant to the SFO.

As shown in the register of substantial shareholders maintained under Section 336 of the SFO, the Group has been notified by the Shareholders holding 5% or more of the Company's issued H Shares. These are interests other than those held by Directors, Supervisors and chief executives of the Company which have been disclosed below.

As indicated by HKSCC, as at 31 December 2009, the following Central Clearing and Settlement System ("CCASS") participants held 5% or more of the total issued H Shares:

CCASS participant	Number of H Shares held at the end of the Year	Percentage of H Shares	Percentage of total issued share capital
The Hongkong & Shanghai Banking Corporation Ltd.	25,876,100	16.17%	6.47%
Bank of China (Hong Kong) Limited	16,638,000	10.40%	4.16%
BOCI Securities Limited	8,622,000	5.39%	2.16%

Save as disclosed above, as at 31 December 2009, the Company was not aware of any other shareholding interests which are required to be disclosed pursuant to the SFO. The Board was not aware of any person holding, directly or indirectly, 5% or more of the interests in the total issued H Shares.

SUFFICIENT PUBLIC FLOAT

According to public information made available to the Company and to the knowledge of each Director, the Company confirmed that the public held sufficient shares during the Year and up to the date of this report.

DIRECTORS AND SUPERVISORS

During the Year and as at the date of this report, the Directors and Supervisors are as follows:-

EXECUTIVE DIRECTORS

Zhang Xiaocheng	
Guo Aiqing	
Fu Ruolin	(appointed on 18 September 2009)
Zheng Jianhua	(resigned on 18 September 2009)
Chen Ruowei	
Li Tong	(resigned on 18 September 2009)
Su Wenyu	(appointed on 18 September 2009)
Xiong Siyun	(resigned on 18 September 2009)
Jiang Jianping	(appointed on 18 September 2009)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Choy Sze Chung, Jojo
Wu Zhengde
Li Yuanpeng

SUPERVISORS

Yang Zhihe	
Xiong Ting	
Dai Xiaoyi	(appointed on 20 March 2009)
Hong Xiurong	(resigned on 18 September 2009)

PROFILE OF DIRECTORS, SUPERVISORS, COMPANY SECRETARY AND SENIOR MANAGEMENT

1. DIRECTORS

Executive Directors

Mr. Zhang Xiaocheng, aged 52, Mr. Zhang has a master's degree in Business Administration and is a senior economist. He is currently a director and vice president of China Potevio and an executive Director and chairman of the sixth session of the Board of the Company. He is also a general manager of the human resources department of China Potevio, a chairman of China Putian Houma Communications Co., Ltd. (侯馬普天通信電纜有限公司) and a director of Infotech Pacific Ventures L.P. in Beijing (北京盈富泰克創業投資有限公司). He was previously the director of the industrial economic research division of the Research Institute of Economics (經濟研究所) of Da Lian College of Economics and Management, the office secretary, the secretary to the general manager, the deputy director of office, the director of the research centre, a general manager of the corporate management department and the capital operation department of Potevio Group; the assistant to the factory manager and assistant factory manager of Xian Microwave Hardware Factory of the Posts and Telecommunications Ministry (郵電部西安微波設備廠), the Director of the second and fifth sessions of the Board of the Company and the chairman of the third and fourth Supervisory Committee of the Company. During the past three years, Mr. Zhang held directorships in two companies listed on the Shanghai Stock Exchange, namely Eastern Communications Co., Ltd. (東方通信股份有限公司) (Stock Code: 600776) and Shanghai Potevio Co., Ltd. (上海普天郵通科技股份有限公司) (Stock Code: 600680). Mr. Zhang joined the Company in October 1997 and has more than twenty years of experience in corporate investment and operation management.

Mr. Guo Aiqing, aged 54, Mr. Guo received university education and is a senior engineer. He is currently the executive Director of the sixth session of the Board, the deputy managing director, the general manager and secretary to party committee of the Company. He was previously the assistant to the factory manager and standing deputy factory manager, the factory manager of Houma Cable Plant of the Posts and Telecommunications Ministry (郵電部侯馬電纜廠) and an executive Director of the second, third, fourth and fifth sessions of the Boards of the Company. Mr. Guo has also served as directors and chairmen in non-wholly owned subsidiaries including Chengdu SEI Optical Fiber Co., Ltd. (成都中住光纖有限公司), Chengdu MCIL Radio Communications Co. Ltd. (成都中菱無線通信電纜有限公司) and Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant (成都電纜雙流熱縮製品廠) and he has served as directors and chairmen in associates of the Company including Chengdu CCS Optical Fibre Cable Co., Ltd. (成都康寧光纜有限公司) and Chengdu Peak Power Sources Co., Ltd. (成都皮克電源有限公司) respectively. Mr. Guo joined the Company in April 1999. He has over thirty years of experience in the production of telecommunication cables and corporate management.

Ms. Fu Ruolin, aged 39, Ms. Fu has a master's degree of Business Administration, a bachelor's degree in Posts and Telecommunications Management Engineering from Changchun Institute of Posts and Telecommunications and a master's degree of Business Administration of Business Collage of Renmin University of China. Ms. Fu is currently an executive Director of the sixth session of the Board of the Company, the general manager of the finance department of China Potevio and the director of Putian Eastern Communications Group Co., Ltd. (普天東方通信集團有限公司), the director of Nanjing PUTIAN Communications Technology Business Company Limited (南京普天通信科技產業園有限公司), the director of Beijing PUTIAN Investment Management Company Limited (北京普天聯創投資管理有限公司) and the supervisor of Potevio Houma Communications Cable Co., Ltd. (侯馬普天通信電纜有限公司). Ms. Fu had consecutively served as assistant to general manager of the finance department, the chief of financial management division and deputy general manager of finance department of Potevio Group. During the past three years, Ms. Fu held directorships in two listed companies on the Shanghai Stock Exchange, namely Shanghai Potevio Co., Ltd. (上海普天郵通科技股份有限公司) (Stock Code: 600680) and Eastern Communications Co., Ltd. (東方通信股份有限公司) (Stock Code: 600776), and Nanjing PUTIAN Telecommunications Co., Ltd. (南京普天通信股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 200468). Ms. Fu joined the Company in September 2009 and has ten years of extensive experience in financial management and business administration.

Mr. Chen Ruowei, aged 48, Mr. Chen has a master's degree in Business Administration and is a senior engineer. He holds bachelor's degree in Engineering from Tsinghua University, master's degree in Engineering from Beijing University of Posts and Telecommunications and master's degree in Business Administration from Norwegian School of Management. Mr. Chen is the deputy general manager of the communication business headquarters and general manager of marketing department II of China Potevio, and an executive Director of the fifth and sixth sessions of the Board of the Company and also holds directorships in Wuhan PUTIAN Power Co., Ltd.(武漢普天電源有限公司)and Wuhan PUTIAN Telecom Equipment Groups Co., Ltd.(武漢普天通信設備集團有限公司)concurrently. Mr. Chen had served as a teaching assistant of Wireless Communications department of Tianjin Institute of Technology, a senior engineer of technology department of Potevio Group, the general manager of Beijing Optel Telecommunication Technology Limited(北京奧普泰通信技術有限公司), a director and general manager of Hutchison Optel Telecommunication Technology Limited(和記奧普泰通信技術有限公司)and deputy general manager of systems headquarters of China Potevio. Mr. Chen joined the Company in August 2008 and has twenty years of extensive experience in optical communication, information technology and business management.

Mr. Su Wenyu, aged 41, Mr. Su has a master's degree of Management, a bachelor's degree in Telecommunications Engineering from Changchun Institute of Posts and Telecommunications and a master's degree of Corporate Management from Beijing University of Posts and Telecommunications. Mr. Su is currently an executive Director of the sixth session of the Board of the Company, the deputy general manager of the headquarter of international business department of China Potevio, the deputy general manager of Beijing Great Dragon Information Technology International Co., Ltd.(北京巨龍東方國際信息技術有限責任公司)and the director of Shandong Huari Battery Co., Ltd.(山東華日電池有限公司). Mr. Su had consecutively served as the project manager of import and export department of Potevio Group, the department manager of Youdian Wanda Communications Co., Ltd(郵電萬達通信有限公司), the general manager of Putian Taili Communications Equipment Beijing Co., Ltd(北京普天太力通信設備銷售有限公司), the chief of joint venture cooperation division of international cooperation department and the deputy general manager of international cooperation department of Potevio Group as well as the deputy general manager and the department head of human resource department(人事總務部部長)of Panasonic Putian Mobile Communications Beijing Co., Ltd(北京松下普天通信設備有限公司). Mr. Su joined the Company in September 2009 and has fifteen years of extensive experience in corporate operation management and external business development.

Mr. Jiang Jianping, aged 39, Mr. Jiang has a master's degree of Economics, a bachelor's degree in Economics (Accounting) from The Central Institute of Finance and Banking (中央財政金融學院) and a master's degree of Economics (Finance) from The Central University of Finance & Economics (中央財經大學). Mr. Jiang is currently an executive Director of the sixth session of the Board of the Company, the deputy general manager of corporate development department of China Potevio and also holds directorships in Shanghai Potevio Network Technologies Co., Ltd. (上海普天網絡技術有限公司), Beijing Capital Co., Ltd (北京首信股份有限公司), Chongqing PUTIAN Communication Equipment Co., Ltd. (重慶普天通信設備有限公司), Hangzhou Swangoose Electrical Co., Ltd. (杭州鴻雁電器有限公司) and Shanghai Potevio Co., Ltd. (上海普天郵通科技股份有限公司), a company listed on the Shanghai Stock Exchange, (Stock Code: 600680). Mr. Jiang had consecutively held positions as the deputy division chief of the general affairs division of General Office of China Everbright Group Limited (中國光大(集團)總公司), the management personnel of three committees of capital operation department of Potevio Group (普天集團資本運營部三會管理專員) and the investment business manager, senior investment business manager and the deputy general manager of capital operation department of China Potevio. Mr. Jiang joined the Company in September 2009 and has ten years of extensive experience in economic analysis and capital operation.

Independent Non-executive Directors

Mr. Choy Sze Chung, Jojo, aged 51, Mr. Choy has a master's degree of Business Administration. He obtained Master of Business Administration Degree from University of Wales and Master of Business Law Degree from Monash University. Mr. Choy is currently the vice chairman of National Resources Securities Limited (中潤證券有限公司). Mr. Choy is the independent non-executive director of the companies listed on the Hong Kong Stock Exchange, namely, Zhaojin Mining Industry Company Limited (招金礦業股份有限公司) (Stock Code: 01818), China Mandarin Holdings Limited (中國東方實業集團有限公司) (Stock Code: 00009) and Sparkle Roll Group Limited (耀萊集團有限公司) (Stock Code: 00970). Mr. Choy is also the vice chairman of the Institute of Securities Dealers Limited, a committee member of Society of Registered Financial Planners Limited, a fellow member of Institute of Financial Accountants, a fellow member of the Institute of Compliance Officer, a member of Shantou Chinese People's Political Consultative Committee, a council member of Development Research Centre of the States Council of the PRC - Weekly Economic Observer, a honorary president of Shantou Overseas Friendship Association, a honorary president of Shantou Overseas Exchange Association, a director of The Overseas Teo Chew Entrepreneurs Association, a honorary principal of Chen Po Sum School and a committee council member of Rotary Club Kowloon West. He is an independent non-executive Director of the fifth and sixth sessions of the Board of the Company. Mr. Choy has joined the Company since 16 February 2006. Mr. Choy has extensive experience in the securities industry and business management.

Mr. Wu Zhengde, aged 65, Mr. Wu a doctorate postgraduate with a bachelor's degree, a master's degree and a doctorate degree of the University of Electronic Science and Technology of China in Chengdu. He is currently a member of the standing committee of the Chinese People's Political Consultative Conference, the deputy chairman of the Central Committee of Democratic Alliance, the deputy chairman of the Sichuan Provincial People's Political Consultative Conference, the vice-chancellor of the University of Electronic Science and Technology of China in Chengdu and a tutor for doctorate students in the discipline of "electromagnetic field and microwave technology". Mr. Wu is a national-grade expert with remarkable contribution and was appointed as a fellow of the US New York Academy of Science in 1993. He is an independent non-executive Director of the fourth, fifth and sixth sessions of the Board of the Company. Mr. Wu has joined the Company since 1 October 2003.

Mr. Li Yuanpeng, aged 70, Mr. Li received university education in specialization. He is currently a senior consultant of the fifth Research Institute of Telecom Science and Technology Research and Development Institute, a professor-grade senior engineer, a tutor for master students, a member of the committee of the China Institute of Communications, a member of the Communication Lines Committee(通信線路委員會), a member of the Cable and Optical Fibre and Optical Cable Expert Committee of the China Electrical Equipment Industrial Association. Mr. Li was previously the director of the research department of the fifth Research Institute of Posts and Telecommunications Science Research Institute(郵電科學研究院), the deputy head of the Research Institute, the director of the Academic Committee of the Research Institute, the director of the Senior Technology Position Appraisal Committee, the director of the Cable Distribution Products Quality Control and the Testing Centre of the Posts and Telecommunications Ministry, a member of the Wire and Cable Subcommission of China Electrotechnical Commission, a member of the standing committee of the Optical Cable and Wire Subcommittee of China Electronic Components Association, a member of the council and a member of the committee of the China Institute of Communication and, a chief member of the Communication Lines Committee. He has extensive experience in cable distribution and communications. He is an independent non-executive Director of the fifth and sixth sessions of the Board of the Company. Mr. Li has joined the Company since 17 August 2006.

Service Contracts of Directors

Each of the existing Directors appointed or re-elected on 18 September 2009 has entered into a service contract with the Company, with a term of three years commencing from 18 September 2009 up to 17 September 2012. The Directors' remuneration includes salary, bonus, allowance and other benefits including pension.

Save as disclosed above, no Directors has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

2. SUPERVISORS

Mr. Yang Zhihe, aged 58, Mr. Yang received University education in specialization. He is the general manager of audit compliance department of China Potevio, the chairman of the fifth and sixth sessions of the supervisory committee ("Supervisory Committee") of the Company. Mr. Yang also acts as a supervisor of China Potevio and the Chairman of the Supervisory Committee of Hangzhou Swangoose Electrical Co., Limited(杭州鴻雁電器有限公司). Mr. Yang had served as the section chief of production division and the deputy director of the industry development division of the Ministry of Machine and Electronics, director of economy operation division of the Ministry of Electronics Industry, director of economy operation division of the Ministry of Information Industry, the general manager of corporate management department and the deputy director of corporate reform office(企業改制辦副主任)of Potevio Group, secretary to party committee and deputy head of Guilin Potevio Telecommunication Equipment Factory (桂林普天電信設備廠), vice secretary to party committee and secretary to discipline committee and chairman of labour union of Putian Capital Communications Equipment Factory (Group) (普天首信通信設備廠(集團)). Mr. Yang joined the Company in August 2008 and has thirty years of extensive experience in corporate management, and audit compliance.

Mr. Xiong Ting, aged 47, Mr. Xiong received university education in specialization and is currently the Supervisor of the sixth session of the Supervisory Committee of the Company, the deputy secretary of the party committee, the secretary of the Disciplinary Commission and a chairman of the labour union of the Company. Mr. Xiong was the secretary of the league committee of the Ministry of Posts and Factory Telecommunications Cable Chengdu(郵電部成都電纜廠), the factory manager of the branch factory, the director of the office, assistant to general manager of the Company, manager of the supplier company and supervisor of the fifth session of the Supervisory Committee. Mr. Xiong joined the Company in 1982 and has over ten years of experience in corporate management.

Ms. Dai Xiaoyi, aged 36, Ms. Dai graduated from Chongqing Institute of Post and Telecommunications with a college degree, majoring in fiber-optic communication in the faculty of telecommunications. She is an engineer and is currently a deputy director of Party-Masses Work Department(黨群工作部副主任)and vice-chairman of the labour union of the Company. Ms. Dai joined the Company in September 1995 and had consecutively served as technician, assistant staff and engineer of the examination department(檢測部). Ms. Dai was democratically elected by the staff of the Company as a Supervisor of the sixth session of the Supervisory Committee of the Company.

Service Contracts of Supervisors

Each of the existing Supervisors appointed or re-elected on 18 September 2009 has entered into a service contract with the Company, with a term of three years commencing from 18 September 2009 to 17 September 2012. Terms of office of all Supervisors are renewable for re-election or reappointment upon expiration.

Save as disclosed above, none of the Supervisors have entered into any service agreement with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

3. COMPANY SECRETARY

Mr. Ngai Wai Fung, age 48, joined the Company on 20 April 2007. Mr. Ngai is a director and head of listing services of KCS Hong Kong Limited, a corporate secretarial and accounting services provider in Hong Kong. Mr. Ngai is currently vice president of the Hong Kong Institute of Chartered Secretaries and the chairman of its Membership Committee. Mr. Ngai is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants in the United Kingdom. Mr. Ngai holds a Master of Corporate Finance Degree from the Hong Kong Polytechnic University, Master of Business Administration Degree from Andrews University of the United States and a Bachelor of Laws (with Honours) Degree from the University of Wolverhampton, the United Kingdom. He is also undertaking a PhD course (thesis stage) in Finance at the Shanghai University of Finance and Economics.

4. SENIOR MANAGEMENT

Mr. Fan Xianda, aged 57, received tertiary education and is an engineer and currently the manufacturing deputy general manager of the Company. Mr. Fan joined the Company in 1971, he has served as the factory manager of the branch factory of the Company, assistant to general manager and executive director of the fourth session of the Board of the Company. Mr. Fan has extensive experience in cable production and management.

Mr. Dai Kang, aged 43, received university education and is a senior engineer and currently the technology deputy general manager of the Company. Mr. Dai joined the Company in 1987, he has served as the deputy head of the technology department（技術處副處長）of the Company, deputy chief engineer（副總工程師）and acting chief engineer（代總工程師）. Mr. Dai has extensive experience in cable technology and crafts.

Mr. Xu Biao, aged 47, received university education and is a senior accountant and currently the chief financial controller of the Company. Mr. Xu joined the Company in 2007, he has served as the chief accountant（總會計師）of China Putian Houma Communications Co.,Ltd.. Mr. Xu has extensive experience in financial supervision of telecommunication industry.

Mr. Hu Mingde, aged 42, received University education and is currently the marketing deputy general manager of the Company. Mr. Hu joined the Company in 1990. He had served as manager of sales department, manager, assistant to general manager and deputy general manager of the Company. Mr. Hu has extensive experience in marketing and image promotion.

STAFF AND REMUNERATION POLICY OF THE GROUP

As at 31 December 2009, the Group had 1,152 staff members.

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

SALE OF STAFF QUARTERS

The Group approved a new programme for raising funds from its staff to construct staff quarters during the year 2006. As at 31 December 2009, a total of prepaid deposits of approximately RMB6,493,000 was received from the staff. Once the funds raising programme for construction of staff quarters has been completed, the Group will transfer all its property rights in the staff quarters to its staff.

BASIC MEDICAL INSURANCE SCHEME FOR STAFF

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 RMB1,345,000 in the Year (2008: approximately RMB1,280,000). The Board considered that the implementation of the basic medical insurance scheme for staff has no material impact on the financial status of the Company.

INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS

There were no contracts of significance relating to the Company's business (to which the Company or any of its subsidiaries was a party) in which any Director or Supervisor had significant interests, whether directly or indirectly at any time during the Year and at the end of the Year.

COMPETING BUSINESS INTERESTS OF DIRECTORS AND SUPERVISORS

During the Year, none of the Directors nor Supervisors have any interests in a business which directly or indirectly competes or may compete with the business of the Company (excluding the Company's business) and is discloseable under the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

As at 31 December 2009, none of the Directors, Supervisors and Chief Executives or their associates had any interests and short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he or she was taken or deemed to have under Part XV of the SFO), or which would have to be, pursuant to section 352 of the SFO, entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules (for this purpose, the relevant provisions of the SFO were interpreted as the same also applicable to Supervisors).

SHAREHOLDING OF DIRECTORS AND SUPERVISORS

At no time during the Year did any of the Directors or Supervisors hold any shares of the Company. None of the Directors and Supervisors had any interests in the share capital or debentures of the Company or any of its associated corporations (as defined in the SFO). None of the Directors and Supervisors, their spouses or children under 18 years old was granted rights to purchase shares or debentures of the Company or any of its associated corporations and there was no exercise of such rights by any of the said persons.

PURCHASE AND SALE OF SHARES OR DEBENTURES BY DIRECTORS AND SUPERVISORS

At no time during the Year was the Company or any of its subsidiaries, holding companies or any fellow subsidiaries a party to any arrangement which enables the Directors and Supervisors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other legal entities.

REMUNERATION OF DIRECTORS

Details about the remuneration of Directors are set out in note 13 to the consolidated financial statements on pages 95 and 96 of this annual report.

FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals in the Group during the Year include one Director. Details of the remuneration of the five highest paid individuals are set out in note 14 to the consolidated financial statements on page 97 of this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the year ended 31 December 2009, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

BANK AND OTHER BORROWINGS

Details of the bank and other borrowings of the Group are set out in note 28 to the consolidated financial statements on page 111 of this annual report.

PLEDGE OF ASSETS

During the Year, the Group did not obtain any secured loans from banks (2008: the Group did not obtain any secured loans from banks).

At 31 December 2009, the Group's land use right with carrying amount of approximately RMB14,855,000 (2008: Nil) has been pledged for a legal action claimed against a customer for trade debts. The Group has made full provision for bad debts for that trade receivable in the prior year.

PRE-EMPTIVE RIGHTS

Pursuant to the articles of association of the Company (the "Articles of Association") and the Company Law of the PRC, there are no pre-emptive rights which require the Company to offer new shares of the Company to the existing Shareholders in proportion to their respective shareholdings.

SIGNIFICANT EVENTS

1. CHANGES IN DIRECTORS AND SUPERVISORS UPON RE-ELECTION

Pursuant to the stipulations under the Articles of Association of the Company, the term of office of each Board of the Company shall be three years and Directors are eligible for re-election. Directors shall be elected from the existing Board or candidates nominated by shareholders holding 3% or more of the issued voting shares of the Company at the general meeting. The three-year term of the Company's fifth session of the Board had expired since its establishment on 17 August 2006, Accordingly, the Company held an extraordinary general meeting for election of the sixth session of the Board and the Supervisory Committee of the Company on 18 September 2009. At the election, Mr. Zhang Xiaocheng, Mr. Guo Aiqing, Ms. Fu Ruolin, Mr. Chen Ruowei, Mr. Su Wenyu and Mr. Jiang Jianping were elected as six executive Directors of the sixth session of the Board of the Company; Mr. Choy Sze Chung, Jojo, Mr. Wu Zhengde and Mr. Li Yuanpeng were elected as three independent non-executive Directors of the sixth session of the Board of the Company; and Mr. Yang Zhihe and Mr. Xiong Ting were elected as two shareholders' representatives Supervisors of the sixth session of the Supervisory Committee of the Company. In addition, Ms. Dai Xiaoyi was elected as a staff representative Supervisor (accounting for one-third of the Supervisory Committee) by the staff of the Company by way of democratic election on 20 March 2009.

2. CHANGE OF AUDITORS IN THE PAST THREE YEARS

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, to hold offices until the conclusion of the 2008 annual general meeting ("2008 AGM") 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 2008 AGM of the Company.

The Company has proposed a resolution in relation to the re-appointments of PKF Certified Public Accountants and Daxin Certified Public Accountants as the international auditors and the domestic auditors of the Company respectively on the 2008 AGM held on 19 June 2009.

3. DISPOSAL OF THE LAND USE RIGHTS OF SHUANGLIU HEAT PLANT AND RELOCATION

On 12 March 2009, the branch factory of Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant (the "Shuangliu Heat Plant"), a non wholly-owned subsidiary of the Company, entered into the Land Use Rights Disposal Agreement with Shuangliu Land Reserve Centre pursuant to which Shuangliu Heat Plant agreed to sell, and Shuangliu Land Reserve Centre agreed to acquire the state-owned land use rights of the land (which include a piece of land with an approximate area of 47,767.75 m^2 and several factory buildings and premises erected thereon). The nominal consideration of this transaction was RMB87,204,327. Shuangliu Heat Plant needs to relocate its factory premises, production lines and facilities to Xinan Hangkong Economic Development Zone.

As at 31 December 2009, the cost and net book value of the land and the factory buildings and premises erected thereon was approximately RMB22,509,000.

MATERIAL LITIGATION

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

EXTRAORDINARY GENERAL MEETING

On 18 September 2009, one extraordinary general meeting of the Company was held at which, nine Directors were elected to form the new (sixth session) Board and two Supervisors acting as shareholders' representatives were elected to form the Supervisory Committee.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the Year, none of the Directors is aware of any information that would reasonably indicate that the Company was not for any time during the Year in compliance with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules. The Board considers that the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules during the Year.

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 of the Listing Rules as the code of conduct regarding securities transactions by the Directors and Supervisors of the Company.

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

AUDIT COMMITTEE OF THE BOARD (“AUDIT COMMITTEE”)

The Company established the Audit Committee in accordance with the Listing Rules. The Audit Committee comprises Mr. Choy Sze Chung, Jojo (Chairman of the Audit Committee), Mr. Wu Zhengde and Mr. Li Yuanpeng, all being independent non-executive Directors of the Company. The Audit Committee is responsible for matters such as conducting reviews of the internal control and financial reports and has reviewed the Company’s audited financial statements for the year 2009.

The Audit Committee considered that the audited financial statements for the year 2009 has complied with the requirements of the applicable accounting standards and laws and appropriate disclosure was made.

AUDITORS

The Company convened an annual general meeting (“AGM”) on 19 June 2009 at which PKF, Certified Public Accountants was appointed as the auditors of the Company.

The financial statements of the Group prepared in accordance with the HKFRS have been audited by PKF, Certified Public Accountants. The auditors will retire at the forthcoming AGM to be convened and is eligible for re-appointment in the forthcoming AGM.

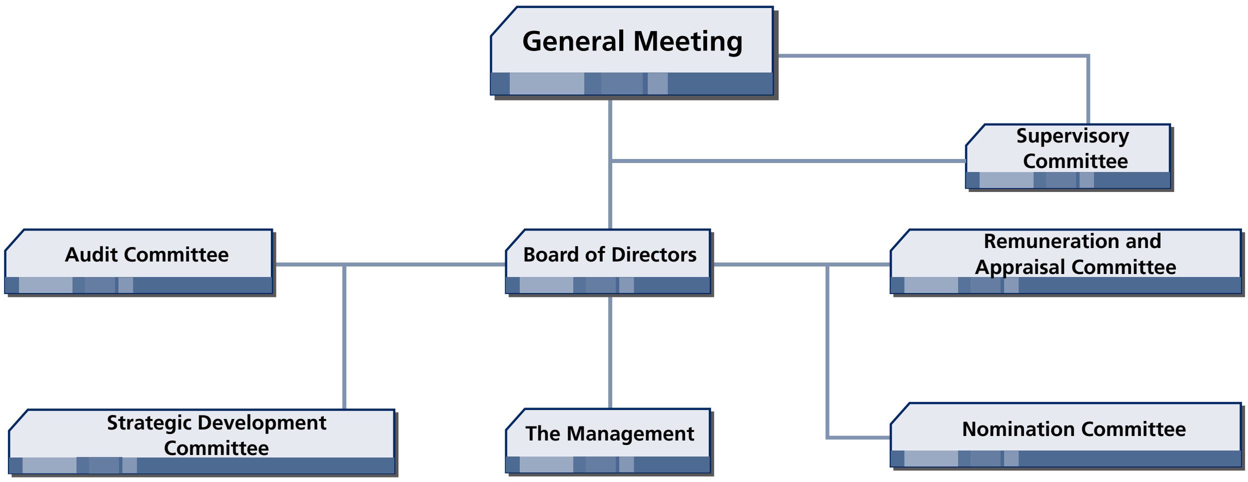
At the AGM for the year 2009, the Company will propose resolutions for the re-appointment of the auditors.

By order of the Board
Zhang Xiaocheng
Chairman

26 March 2010

The Board hereby reports to the Shareholders in respect of the Company's undertakings and its performance on corporate governance for the year ended 31 December 2009. The Company has always been dedicated to the establishment of high level corporate governance and believed that sound corporate governance would enable the Company to further enhance the reliability and effectiveness of management and played an important role in maximizing the values of Shareholders.

The Company's corporate governance structure is set out as follows:



(a) CODE OF CORPORATE GOVERNANCE PRACTICES

As a listed company, we always endeavour to achieve the best corporate governance practices. The Board and the management of the Company believe that the Company should improve accountability and transparency and strike a balance within various stakeholders (including but not limited to Shareholders, government, clients, creditors and staff). The Company must uphold a high standard of corporate governance. The Board understands that it is responsible for setting good corporate governance practices and procedures, with reference to and in application of the Code of Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.

Therefore, the Board, the Supervisory Committee and senior management of the Company always endeavour to improve and implement effective corporate governance policies so as to ensure that all decisions adhere to the principles of integrity, consistency, openness, fairness and impartiality, thereby imposing a system of checks and balance. The Company will continue to improve its corporate governance structure, promote the quality of supervision and management and fulfill the Shareholders' and the public's expectation of the Company. The Company always monitors its internal operations in accordance with the Articles of Association while providing all market participants and supervisory authorities with timely, accurate and complete information about the Company. The following is a general description of the measures adopted by the Company during the Year:

- While compiling the financial report for the year ended 31 December 2009, the Company has adopted Hong Kong Financial Reporting Standards promulgated by Hong Kong Institute of Certified Public Accountants.

- None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not in compliance with the code provisions of Code of Corporate Governance Practices set out in Appendix 14 to the Listing Rules.

(b) CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors and supervisors of the Company. As of 31 December 2009, none of the Directors nor the Supervisors held interests in any other securities of the Company. Having made specific enquiries to all Directors and Supervisors, the Board confirmed that all Directors and Supervisors had fully complied with the Model Code from 1 January 2009 to 31 December 2009.

GOVERNANCE STRUCTURE

(c) THE BOARD

Being the sixth session of the Board since the establishment of the Company which was elected at the extraordinary general meeting of the Company held on 18 September 2009, the Board currently comprises nine Directors, three of whom are independent non-executive Directors. The term of office for all Directors (including all independent non-executive Directors) is from 18 September 2009 to 17 September 2012. Members of the Board are from different industry backgrounds and have extensive experience in information technology, securities and finance, wire and cable industry, corporate management, financial accounting, project management and capital operation, etc. The independent non-executive Directors appointed by the Company are in compliance with rules 3.10 (1) and (2) of the Listing Rules. The list and biographies of Directors are set out on pages 18 to 22 of this annual report.

The main duties of the Board are to exercise management decisions with authority delegated by general meetings in respect of the Company's strategic development, business planning, management structure, investment and financing, financial control and human resources. The Board is responsible for deciding overall strategies and approving annual business plans and budgets of the Company so as to ensure that production and operation are properly planned, authorized, implemented and supervised. Besides, the Board is also responsible for the daily management of the Company. All substantial transactions or transactions of the Company with conflicts of interests are to be decided by the Board.

The Company's management is responsible for carrying out decisions made by the Board and to make decisions within their authority delegated by Directors in respect of the Company's operation.

Directors are elected in or replaced by way of general meetings. Shareholders, the Board or the Supervisory Committee are entitled to nominate a candidate for directorship by written notice. Directors have a term of office of three years and are eligible to offer themselves for re-appointment upon expiry of the term.

The Company has one Director responsible for concrete management duties. This helps the Board closely review and monitor the Company's management procedure.

Each Director has fulfilled his duties in a conscientious, diligent and honest manner. During the Year, the fifth session of the Board and the sixth session of the Board of the Company had held nine meetings and three meetings respectively to discuss the Company's operating results, overall strategies, investment schemes as well as operation and financial performance. Directors could attend meetings in person or through other electronic communication devices.

The Company has three independent non-executive Directors, which complies with the requirement of rules 3.10 (1) of the Listing Rules. Independent non-executive Directors were assumed by the persons who are independent of any Directors, Supervisors, Chief Executives and substantial shareholders (as defined in the Listing Rules) or such individuals without any connection thereto (the independent third parties), which complies with the requirement of its independence of Listing Rules. According to the Listing Rules, each independent non-executive Director had confirmed his independence to the Stock Exchange prior to his appointment. On 18 January 2010, the Company has received written confirmation of independence from all independent non-executive Directors, confirming their independent status to the Company. The Company continues to consider them independent.

The Company's independent non-executive Directors of the Board have extensive experience in telecommunication, cable, economics, management or financial accounting. The candidates of independent non-executive Directors are also in compliance with the requirements of rule 3.10(2) of the Listing Rules which requires that at least one independent non-executive Director has appropriate professional qualifications, accounting or related financial management expertise.

The independent non-executive Directors expressed their analysis and opinions in respect of various issues as far as the Shareholders and the Company are concerned, and their extensive experience in business and finance are essential for the smooth development of the Company. The attendance of independent non-executive Directors in Board meeting was 100% (including attendance of alternate Directors), details of which are set out on page 42 in this section.

The Board is responsible for the preparation of the financial statements for each financial year, which give a true and fair view of the state of affairs and results of the Group for the Year and in compliance with relevant laws and disclosure requirements of the Listing Rules.

The Directors undertake that they have responsibility to compile company accounts making it a true and fair reflection of the Group's business position, results and cash flow performance during the period. When compiling the accounts for the year ended 31 December 2009, the Directors have:

- chosen the appropriate accounting policy which was applied consistently;
- approved early adoption of all of the provisions of Hong Kong Financial Reporting Standards promulgated by Hong Kong Institute of Certified Public Accountants; and
- made cautious and reasonable judgment and estimation and compiled the accounts in accordance with the continual operational basis.

The Board should meet regularly. A minimum of four meetings shall be convened each year. Extraordinary Board meetings will be held if necessary. The company secretary is responsible for assisting the chairman of the Board to compile agendas. Each Director can request to have discussion topics be included in the agenda.

Notices of Board meetings or special committees meetings are delivered to the Directors or special committees members at least 14 days before the meetings for the Directors to prepare to attend the relevant meetings and incorporate other matters into the agenda. The meeting materials and the agenda of the Board meeting or special committee meeting are distributed to Directors or members of special committees at least 3 days before the meetings to allow sufficient time for them to review the relevant materials and prepare for the meetings.

Directors are free to express their views in the meetings. Important decisions will only be made after detailed discussion in the Board meetings. Directors confirm that they have the responsibility to act in the interests of the Shareholders and shall not ignore the interests of minority Shareholders.

The Company's general manager and deputy general manager are invited to attend Board meetings. Senior management staff are also invited to attend Board meetings from time to time for explanation and respond to enquiries from the Board.

Detailed minutes of meetings are compiled for Board meetings or special committees meetings. Draft minutes are tabled in the next meeting for circulation among Directors or special committee members for perusal and comments before being endorsed by the Board or the special committees.

All Directors are free to communicate with the company secretary who is responsible for ensuring and advising on compliance with all procedures in connection with the Board and all applicable rules and regulations.

Minutes of Board meetings or special committees meetings must record in detail issues considered by the Directors during the meeting as well as the resolutions made including any worries or objections put forward by the Directors.

Minutes of Board meetings or special committees meetings are to be kept by the company secretary to which the Directors have free access.

The management shall on their own accord or upon enquiries provide appropriate and sufficient information to the Directors and special committees members and/or respond as soon as possible so as to keep them informed of the Company's latest development to facilitate their performance of duties.

Each Director is provided with a Director's Handbook containing guidance on practice. Provisions of relevant legislations or the Listing Rules are quoted in the Director's Handbook to remind Directors of the need to discharge their responsibilities including disclosure to the supervisory bodies of their interest, potential conflict of interests and details about changes of personal data. The Director's Handbook will be updated as per changes in laws and regulations as well as the Listing Rules.

The Board and the special committees are provided with sufficient resources for performance of duties including but not limited to hiring consultants as and when necessary with fees borne by the Company. Individual Directors can also hire consultants for advice on any specific issues of the Company with fees borne by the Company.

All Directors can obtain from the company secretary timely information and latest development about rules and regulations and other continual responsibilities which directors of listed companies must observe so as to ensure that each Director is informed of his own duties and that the Company implements Board procedures consistently and complies with the legislations as appropriate.

(d) CHAIRMAN AND GENERAL MANAGER

The Company's chairman and the general manager are appointed by the Board. The positions are respectively taken up by Mr. Zhang Xiaocheng and Mr. Guo Aiqing with clearly defined duties.

The chairman is responsible for leading the Board in such a way that it operates efficiently, ensuring that the Board studies all major and relevant issues in a timely and constructive manner and examining implementation of Board resolutions. The general manager is responsible for managing the Group's operation and for coordinating the Group's business, implementing strategies formulated by the Board and rendering decisions on production and operation, with a similar duties as that of chief executive officers.

Clearly defined duties of the Company's chairman and general manager are stated in writing.

(e) INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has three independent non-executive Directors, representing one-third of the directorship. They are assumed by persons totally independent of Directors, Supervisors, Chief Executives and substantial shareholders (as defined in the Listing Rules). Independent non-executive Directors have a term of office for three years, commencing from 18 September 2009 to 17 September 2012. Mr. Choy Sze Chung, Jojo, Mr. Wu Zhengde and Mr. Li Yuanpeng, our independent non-executive Directors, strictly comply with the independence requirements of the Listing Rules. The three independent non-executive Directors assumed duties in the audit committee, nomination committee, remuneration and appraisal committee, and strategic development committee under the Board.

(f) REMUNERATION AND APPRAISAL COMMITTEE

The remuneration and appraisal committee currently comprises five members, comprising three independent non-executive Directors, Mr. Choy Sze Chung, Jojo, Mr. Wu Zhengde and Mr. Li Yuanpeng and two executive Directors, Ms. Fu Ruolin and Mr. Jiang Jianping with effect from 18 September 2009. The committee is chaired by Mr. Wu Zhengde. Remuneration and appraisal committee holds at least one meeting every year.

The role and main duties of the remuneration and appraisal committee include:

- To study the standards for assessment of Directors and managers, make assessment and offer advice;
- To investigate and review the remuneration policy and proposal for the Directors and senior management;
- To monitor the implementation of the remuneration standards of the Company; and
- Other relevant matters authorized by the Board.

Remuneration and appraisal committee shall report the passed resolution(s) and voting results to the Board after each meeting in writing.

The terms of reference of the remuneration and appraisal committee shall be made available for inspection on request, details of which are also published at the website of the Company (http://putian.wsfg.hk).

In evaluating the performance of the Directors and senior management for the year, the Company used budget targets and audited financial reports as benchmarks. At the same time, sales revenue, net profits, and key performances were used as business indices. The Company's remuneration policy is that remuneration is linked with Company's performance. Directors' remuneration is determined upon appraisal by the remuneration and appraisal committee. By adopting such initiatives, the Company aims to attract, retain and encourage talents and provide supports for the achievement of operating targets of the Group. Total income of senior management during the Year comprises of a basic annual salary and a performance-based annual bonus. Remuneration of Directors and Supervisors are determined in general meetings according to related policies or regulations of the PRC and the actual position of the Company. The remuneration of the Directors and Supervisors working for the Company are paid according to the management duties they undertake in the Company.

During the Year, the fifth and the sixth sessions of the remuneration and appraisal committee of the Company held three meetings and one meeting respectively, specific details of attendance of the meetings are set out on page 42 of this section. The committee mainly conducts the following tasks:

- reviewed the remuneration proposal for the Company's Directors, Supervisors and senior management members newly appointed as the sixth session of the Board and the Supervisory Committee in 2009, and recommended the Board to approve the proposal;

- reviewed the remuneration proposal for the Company's domestic and international auditors reappointed in 2009, and recommended the Board to approve the proposal;

- As there had been no adjustment to the remuneration of the appointed Directors and Supervisors during the Year, the remuneration and appraisal committee did not convene any meeting to consider the remuneration proposal for them during the Year. Details of the remuneration of Directors and Supervisors for the year ended 31 December 2009 are provided on pages 95 to 96; and

- Work of the remuneration and appraisal committee during the Year including implementations of Directors' remuneration policy, performance assessment of executive Directors and approval of contract terms of executive Directors.

During the Year, three independent non-executive Directors were paid director fees while the remaining Directors and Supervisors (including Directors and Supervisors working for the Company) were not paid any director or supervisor fees by the Company.

(g) NOMINATION COMMITTEE

The Board set up a nomination committee currently comprised five members, including three independent non-executive Directors, Mr. Choy Sze Chung, Jojo, Mr. Wu Zhengde and Mr. Li Yuanpeng and two executive Directors, Mr. Chen Ruowei and Mr. Su Wenyu. The committee is chaired by Mr. Li Yuanpeng with effect from 18 September 2009 and that Mr. Guo Aiqing was ceased to be a member of the nomination committee on the same date. The nomination committee holds at least two meetings every year.

The role and main duties of the nomination committee include:

- To advise the Board on scale and composition of the Board in light of the Company's business activities, assets scale and equity structure;
- To extensively search for suitable candidates for Directors and managers;
- To examine the candidates for Directors and managers and advice the Board on the same;
- To examine the candidates for other senior management staff to be proposed to the Board and advice the Board on the same; and
- Other relevant matters authorized by the Board.

The chairman of the nomination committee shall report the passed resolution(s) and the voting results to the Board after each meeting in writing.

The terms of reference of the nomination committee shall be made available for inspection on request, details of which are also published at the website of the Company (http://putian.wsfg.hk).

The fifth and sixth sessions of the nomination committee of the Company held two meetings and one meeting for the Year respectively, specific details of attendance of the meetings are set out on page 42 of this section. The committee mainly conducts the following tasks:

- reviewed the proposed appointment of senior management such as the general manager, deputy general manager and chief financial officer of the Company and proposed to submit the proposals to the Board for consideration and approval; and
- reviewed the proposed nomination of candidates for the sixth session of the Board and the Supervisory Committee of the Company and proposed to submit the proposal to the Board for consideration and approval.

(h) AUDIT COMMITTEE

The Company has set up an audit committee since August 1999. The committee currently comprises three members, including the existing three independent non-executive Directors of the Company, namely Mr. Choy Sze Chung, Jojo, Mr. Wu Zhengde and Mr. Li Yuanpeng, and is chaired by Mr. Choy Sze Chung, Jojo. All of them comply with relevant requirements of the Listing Rules. Members of the audit committee have a term of three years. Terms of reference of the committee is formulated in accordance with recommendations of "A guide for Effective Audit Committee" promulgated by Hong Kong Institute of Certified Public Accountants and the requirements of the Listing Rules. Its major duties include: to report to the Board, examine quality and procedure of the Group's interim and annual reports, review the connected transactions, monitor the financial reporting procedure, review soundness and effectiveness of internal control system of the Company, consider the appointment of independent auditors, co-ordinate and review its efficiency and work quality, study written reports of internal audit staff and revise feedback from the management to such reports.

Apart from that, the audit committee shall also undertake the following duties:

- To advise the Board on appointment, re-appointment and removal of hired external auditors, approve remuneration and terms of appointment of external auditors and to handle any problems in relation to the auditor's resignation or dismissal;
- To revise and monitor the work of the external auditors;
- To formulate and implement policies on non-audit services provided by auditors and to advise the Board on related issues;
- To examine the Company's financial information and other related information;
- To monitor the Company's financial reporting system and internal control procedures as well as related issues;
- To advise on the Board as to whether the internal control system is effective;
- In case of uncertainty incidents or circumstances which may seriously affect the Group's sustainable operation, such uncertainty factors should be reported; and
- To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process.

The terms of reference of the audit committee shall be made available for inspection on request, details of which are also published at the website of the Company (http://putian.wsfg.hk).

During the Year, the audit committee had convened three meetings, all convened by the fifth session of the audit committee. Specific details of attendance of the meetings are set out on page 42 of this section. All resolutions passed during the meetings of the committee were duly recorded in accordance with related rules, and the records were filed upon perusal by all members of the audit committee with amendments. After each meeting, the chairperson submitted reports on the significant matters discussed to the Board.

Major work finished by the audit committee during the Year included:

- to review the Group's report of the directors, financial reports and results announcement for the year ended 31 December 2009 and proposed to the Board for approval;
- to review a resolution in relation to the re-appointment of PKF Certified Public Accountants and Daxin Certified Public Accountants as the international and the domestic auditors of the Company respectively for the year 2009, with a term up to the conclusion of the next annual general meeting of the Company and proposed to the Board for approval;
- to review the Group's interim results report, unaudited financial reports and interim results announcement for the six months ended 30 June 2009;
- to review recommendations on management put forward by auditors and responses from the Company's management;
- to revise matters related to accounting policies and accounting practices adopted by the Group;
- to assist the Board in making independent assessment of effectiveness of the Group's financial reporting procedures and internal supervisory system;
- to supervise the internal audit works of the Company; and
- to advise on significant events of the Company and remind the management to pay attention to related risks.

(i) STRATEGIC DEVELOPMENT COMMITTEE

The strategic development committee currently comprises five members, including three independent non-executive Directors, Mr. Choy Sze Chung, Jojo, Mr. Wu Zhengde and Mr. Li Yuanpeng and two executive Directors, Mr. Zhang Xiaocheng and Mr. Guo Aiqing. The committee is chaired by Mr. Zhang Xiaocheng with effect from 18 September 2009 and that Mr. Chen Ruowei was ceased to be a member of the strategic development committee on the same date.

The role and main duties of the strategic development committee include:

- To study and advise on the Company's mid to long-term strategic development and planning;

- To study and advise on the material investment, financing proposal, significant use of capital and project of asset operation subject to approval of the Board pursuant to the Articles of Association;

- To study and advise any other material events which have influence on the development of the Company;

- To check the implementation of the above matters; and

- Other relevant matters authorized by the Board.

During the year, the strategic development committee did not convene a meeting.

Work procedures of the strategic development committee include:

- Any intentions of material investment, use of capital and project of operating assets; preliminary assessment on feasibility study and basic information of cooperating parties reported by relevant functional department of the Company or the responsible person of controlling (invested) company;

- To keep record in strategic development committee of the Board of intended investment projects assessed initially by the management of the Company after a letter of advice thereof is signed by the general manager of the Company;

- To report to the management of the Company about the progress of relevant agreement, contract, articles and feasibility report entered by relevant functional department of the Company or the responsible person of controlling (invested) company with external parties based on the management's opinion on preliminary assessment; and

- Submit formal proposals to the strategic development committee upon a review by the management of the Company and a letter of advice signed by the general manager of the Company.

The strategic development committee convened meetings and held discussion in accordance with the proposal of management of the Company and submitted results of which for consideration of the Board and meanwhile, reported the results to the management of the Company.

During the year, attendance at Board meetings, audit committee meetings, nomination committee meetings and remuneration and appraisal committee meetings are set out as follows:

	The Board			Audit Committee			Nomination Committee			Remuneration and Appraisal Committee		
	Number of meetings during the Year	Attendance in person	Attendance by way of electronic communication	Number of meetings during the Year	Attendance in person	Attendance by way of electronic communication	Number of meetings during the Year	Attendance in person	Attendance by way of electronic communication	Number of meetings during the Year	Attendance in person	Attendance by way of electronic communication
The fifth session of the Board (During the period from 1 January 2009 to 17 September 2009)												
Executive Director												
Zhang Xiaocheng *(Chairman)*	9	2	7	–	–	–	–	–	–	–	–	–
Guo Aiqing *(Vice Chairman)*	9	2	7	–	–	–	2	1	1	–	–	–
Zheng Jianhua	9	1	7	–	–	–	2	1	1	–	–	–
Li Tong	9	0	7	–	–	–	–	–	–	3	0	2
Chen Ruowei	9	1	7	–	–	–	–	–	–	–	–	–
Xiong Siyun	9	1	7	–	–	–	–	–	–	3	1	2
Independent Non-Executive Directors												
Choi Sze Chung, Jojo	9	2	7	3	2	1	2	1	1	3	1	2
Wu Zhengde	9	2	7	3	2	1	2	1	1	3	1	2
Li Yuanpeng	9	2	7	3	1	1	2	1	1	3	1	2
The sixth session of the Board (During the period from 18 September 2009 to 31 December 2009)												
Executive Director												
Zhang Xiaocheng *(Chairman)*	3	0	3	–	–	–	–	–	–	–	–	–
Guo Aiqing *(Vice Chairman)*	3	0	3	–	–	–	–	–	–	–	–	–
Fu Ruolin	3	0	3	–	–	–	–	–	–	1	0	1
Chen Ruowei	3	0	3	–	–	–	1	0	1	–	–	–
Su Wenyu	3	0	3	–	–	–	1	0	1	–	–	–
Jiang Jianping	3	0	3	–	–	–	–	–	–	1	0	1
Independent Non-Executive Directors												
Choi Sze Chung, Jojo	3	0	3	–	–	–	1	0	1	1	0	1
Wu Zhengde	3	0	3	–	–	–	1	0	1	1	0	1
Li Yuanpeng	3	0	3	–	–	–	1	0	1	1	0	1

(j) AUDITOR'S REMUNERATION

The domestic and international auditors engaged by the Company are nominated by the Board and are approved by Shareholders in the general meeting. Its remuneration was determined by the Board as authorized by the general meeting. During the Year, the remuneration paid to domestic and international auditors for auditing services totaled RMB1.05 million, no remuneration was paid to the international and domcotic auditors for provision of non-audit related services to the Company.

MONITORING MECHANISM

SUPERVISORY COMMITTEE

The Supervisory Committee was established in accordance with the PRC law. It independently performs its supervisory duty under the law to protect the infringement of lawful rights of Shareholders, the Company and its staff. Also, it reviews the financial position and the financial information of the Company pursuant to the Articles of Association, monitors the decisions made by the Board and senior management for operation and management of the Company as to whether they are in accordance with relevant requirements of the laws and regulations. On 18 September 2009, an extraordinary general meeting was held to elect and confirm the sixth session of the Supervisory Committee of the Company. It comprised three Supervisors, including one Supervisor acting as staff representative and two shareholders' representative Supervisors. All Supervisors (including Supervisor acting as staff representative) will serve a term of office from 18 September 2009 up to 17 September 2012. The members of Supervisory Committee include Mr. Yang Zhihe, Mr. Xiong Ting and Ms. Dai Xiaoyi, with Mr. Yang Zhihe as the chairman of the Supervisory Committee. The number of members and composition of the Supervisory Committee of the Company are in accordance with the relevant laws and regulations. Biographies of the Supervisors are set out on page 23 of this annual report.

During the Year, the fifth session of the Supervisory Committee convened two meetings each with 100% attendance. The sixth session of the Supervisory Committee convened one meeting by way of communication.

All Supervisors have attended all the Board meetings and performed their monitoring obligations on behalf of Shareholders as to whether the financial activities of the Company. The performance of duties of Directors and senior management and the decision making procedures of the Board of the Company are in compliance with the laws and regulations as well. The Supervisors had performed their statutory duties impartially.

INTERNAL CONTROL AND INTERNAL AUDIT

The Board is responsible for the establishment and maintenance of the Company's internal control system for reviewing relevant financial, operating and supervisory control procedures to protect Shareholders' interests and the Group's assets. The management is authorized by the Board to adopt such internal control system, effectiveness of which is reviewed by the Audit Committee.

The internal control system includes a management framework with clearly defined duties for the purposes of:

1. assisting the Company in reaching various business targets and ensuring that assets of the Company will not be defalcated or disposed of;

2. ensuring that the Company's accounting records provides reliable financial data for internal use or public disclosure; and

3. ensuring compliance with related legislations and requirements.

Aiming at more effective review on the effectiveness of the internal control system, the Company set up an internal audit department in October 2003 to inspect, monitor and assess the disclosure of financial information, operations and internal control activities of the Company and its associates on a regular basis and when necessary, based on different potential risks and the importance of internal control systems for different businesses and workflows, so as to ensure the transparency of information disclosure, operating efficiency and effectiveness of the corporate monitoring mechanism. The independent and objective evaluation and recommendation are provided in the form of an audit report. The external auditors are entitled to have access to all information of the Company and to make enquiries to relevant persons in performing their duties. The manager of the internal audit department directly reports the relevant outcomes and its opinions to the audit committee for consideration. Upon consideration by the audit committee, the audit committee put forward its recommendation to the management of the Company and regularly reports to the Board.

Attaching much importance to internal control, the Company had set up relevant internal management systems and procedures for corporate governance, operation, construction, finance, administrative personnel. In December 2004, the Board approved the Internal Control System which summarizes and clarifies the objectives, content, methods and obligations of the internal control system. This will facilitate the Company's continuing inspection and assessment on implementation of the existing systems and the effectiveness of internal controls.

The Board conducted a review to examine whether the internal control systems of the Company and its subsidiaries are effective and complete. Subjects of review included the supervision of the Company's finance, operation, compliance and risk management. To further implement internal control more efficiently, the Board had confirmed the following major procedures:

- The Company has a framework with well defined authority and duties with a hierarchical chain of supervision. The heads of all the departments participate in the formulation of strategic plans. Entrepreneurial strategies for the coming three years were formulated for achievement of annual operation plan and annual business and financial targets. Strategic plans and business plans for the year are the bases for annual budgets, and according to the budgets the Company had confirmed and allocated resources in view of the priorities of different business opportunities. The three-year strategic plans are approved by the Board (subject to yearly review), annual business plans and annual budgets are also to be approved by the Board each year.

- The Company has a comprehensive account management system providing the management with an index for assessing financial and business performance as well as notifiable and discloseable financial information. In case discrepancy occurs in budgets, analysis and explanation will be made and appropriate action will be taken to rectify the problems as and when necessary.

- The Company has set up systems and procedures for confirmation, assessment, handling and controlling of risks including risks in respect of law, credit, market, centralization, operation, environment, acts and risks which may affect the Company's development.

The internal audit department will carry out independent revision of confirmed risks and supervision so as to reasonably guarantee the management and audit committee that the risks are satisfactorily handled and control is fully effected.

CHIEF FINANCIAL OFFICER

The chief financial officer is in charge of the Company's financial operation and is responsible to the general manager. The chief financial officer is responsible for supervising the financial and internal control reporting issue of the Company and its subsidiaries so as to confirm that the Company is in compliance with the Listing Rules in relation to the requirements of financial reports and other relevant accounting regulations. On 16 August 2007, the Board appointed Mr. Xu Biao as the chief financial officer and the qualified accountant of the Company.

The chief financial officer is responsible for preparing financial statements in accordance with the accounting principles generally accepted in the PRC and Hong Kong and to ensure compliance with disclosure requirements as stipulated by the China Securities Regulatory Commission and the Stock Exchange.

The chief financial officer is also responsible for arranging and preparing the Company's annual budget scheme and the annual final accounting proposal, as well as monitoring the implementation of the Company's annual financial and operating plans. In addition, the chief financial officer shall work with and give recommendation to the Board in establishing relevant internal control systems.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors understand and acknowledge their responsibility for ensuring that the financial statements for each financial year are prepared to give a true and fair view of the state of affairs, profitability and cash flow of the Group in accordance with the disclosure requirements of the relevant laws and disclosure provisions of the Listing Rules.

In preparing the financial statements of the Group for the year ended 31 December 2009, the Directors have adopted appropriate and consistent accounting policies and made prudent and reasonable judgments and estimations. The Directors are responsible for maintaining proper accounting records which reflect with reasonable accuracy the state of affairs, operating results, cash flows and equity movement of the Group at any time. The Directors confirm that the preparation of the financial statements of the Group is in accordance with statutory requirements and applicable accounting standards.

The Directors also confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The auditor's statement about their reporting responsibilities on the financial statements is set out on page 50 and page 51 of this annual report.

RELATIONS WITH SHAREHOLDERS, INVESTORS AND OTHER INTERESTED PARTIES

The Company is committed to ensuring that all Shareholders, especially the minority Shareholders, can enjoy equal status and fully exercise their rights.

GENERAL MEETING

The general meeting which is the highest authority of the Company, exercises its rights under the law to make decisions on significant events of the Company. The Company establishes and maintains various communication channels by way of publication of annual reports, interim reports and announcements. The relevant reports and announcements are also published in the Company's website. Each year, the annual general meeting or extraordinary general meeting (if applicable) serves as a direct communication channel between the Board and the Shareholders. All Directors understand that the general meetings serve as an effective platform for Shareholders and provide a major venue for direct communication among Directors, Supervisors and other senior management and Shareholders and exchange of opinions with Directors, who shall report to Shareholders with regard to the Group's operations and respond to their enquiries to secure effective communications with Shareholders. Accordingly, the Company had attached much importance to the general meetings. In addition to a 45-day notice before the holding of the general meeting, the Company requires that all Directors and senior management shall use their best endeavors to attend the general meetings. Also, all Shareholders are encouraged to attend the general meetings, at which they can make enquiries about the Company's operation status or financial data, Shareholders are welcome to express their views therein.

Details of the procedures of voting by poll is included in the notice of annual general meeting in circular to Shareholders sent together with annual reports. Results of polls will be published on the websites of the Stock Exchange and the Company in due course.

In 2009, the Company convened one annual general meeting and one extraordinary general meeting.

CONTROLLING SHAREHOLDER

During the Year, China Potevio is the controlling shareholder of the Company, which holds 60% of the total issued shares capital of the Company.

As the controlling shareholder of the Company, China Potevio has never overridden the general meeting to directly or indirectly intervene the Company's decision-making and operation. In 2003, in order to further improve the management of investor relations, the Company has always been separated from its controlling shareholder in terms of staff, assets, finance, organisation and business.

INFORMATION DISCLOSURE AND INVESTOR RELATION MANAGEMENT

The Company strictly complies with the requirements on information disclosure under the Listing Rules and discloses to the Shareholders and related parties all discloseable information to the best knowledge of the Company on a timely and fair basis.

The Office of the Board is responsible for information disclosure of the Company and reception of visits of its Shareholders and investors. In 2003, for further enhancement in investor relations management, the Company had formulated Information Disclosure Management System and Information Management System to ensure information disclosure on an open, fair and impartial basis and to improve the Company's transparency.

In 2009, the Company's management maintained close contact and good communication with visiting investors by meeting them. The Company provides its announcements, interim and annual reports with detailed financial information and results to Shareholders on its website (http://putian.wsfg.hk).

OTHER INTERESTED PARTIES

The Company is committed to providing satisfactory services to customers and room for development to employees. The Company takes efforts to improve its profitability under the principle of honesty and faithfulness with a high sense of responsibility toward its Shareholders, investors, employees, customers, suppliers and the society. At the same time, the Company oversees and develops its businesses in compliance with local rules and environmental protection regulations to improve its corporate governance, and actively participates in social services and environmental protection.

CONTINUOUS ENHANCEMENT OF CORPORATE GOVERNANCE

The Company will follow the model of corporate governance developed by the world's leading corporations as what it has done previously so as to comply with the requirements of the regulatory authorities. The Company will regularly review and enhance its corporate governance procedures and implementations to ensure the sustainable development of the Company.

To Shareholders,

During the Year, all members of the Supervisory Committee had diligently exercised the supervisory functions of the Supervisory Committee in accordance with the relevant provisions of various legal rules and regulations like Company Law, Listing Rules and Articles of Association by attending all Board meetings and general meetings convened by the Company. Some members attended general manager's meetings and decision-making meetings of the Company. In Year 2009, the tasks of the Supervisory Committee strengthened the supervision over legality and compliance of work of the Board and operational decisions of the management as well as execution of resolutions approved by general meetings by the Board. With surveillance over the Company's operation and implementation of internal compliance system as well as the duty performance of the Company's Directors and senior management, the Supervisory Committee provided opinions and recommendations. As for the financial position and annual reports of the Company, it listened carefully to financial manager's report with regard to the financial position and operating results of the Company and carried out diligent reviews and analysis.

The Supervisory Committee would like to render its independent opinion as follows:

1. OPERATION OF THE COMPANY IN COMPLIANCE WITH THE LAW

The Supervisory Committee was of the opinion that during 2009, the Company's operations had strictly complied with the Company Law, the Listing Rules, the Articles of Association and other applicable laws and regulations, as well as established and continuously improved the relevant internal control systems. The Company's decision-making procedure is legitimate and all the resolutions passed at the general meetings are strictly implemented.

2. DISCHARGE OF DUTIES BY DIRECTORS, MANAGERS AND OTHER SENIOR MANAGEMENT

The Supervisory Committee was of the opinion that the Directors, managers and other senior management of the Company had performed their duties diligently, pragmatically and faithfully. No abuse of rights, violation of law or regulations or Articles of Association nor acts detrimental to the interests of Shareholders, the Company and the Company's staff members were found.

3. WORK REPORT OF THE BOARD

The Supervisory Committee had a detailed review of the work report of the Board submitted by the Board for consideration at the annual general meeting for the Year and considered that the report had objectively and thoroughly reflected various work done by the Company during the Year.

The Supervisory Committee recognized the Company's achievement in operation and management made under the complex and tough operation environment in 2009. However, we required the Company to take clear cognizance of the fact that the profits for 2009 were mainly derived from the optical fiber cable and heat-shrinkable products business of joint ventures, and expressed our concern over the long-standing losses or thin profits experienced by the Company's traditional copper cables business. We also expressed our hope that the Company while holding firmly to its existing communications business to strengthen the production and sales ability, should also foster as soon as possible new performance drivers to boost rapid business growth, strengthen development momentum, expand development space and create a brand new development pattern.

4. TRUTHFULNESS OF FINANCIAL REPORT

After detailed examination of the financial system and the annual financial report of the Company, the Supervisory Committee considers that the financial report truly and fairly reflected the financial and assets position and operation of the Company. No violation of discipline, regulations and financial system of the Company has been found. The financial report, which had been audited by the auditors, has objectively and truthfully reflected the financial position of the Company.

5. OPINIONS ON MANAGEMENT IN AUDITOR'S MANAGEMENT LETTER

The Supervisory Committee considers that the Company should make formal study on the opinions on management raised by the management letter, and work out practical and feasible measures and solutions for implementation as soon as possible.

6. LITIGATIONS

During the year 2009, the Company had no other material litigations.

The Supervisory Committee considers that the Company recorded profit as a whole and made substantial progress in the research and development of two new products by firmly adhering to the key note of "updating product offerings and seeking sustainable development" and the backbone of "Reaping from new products, and reducing cost while improving cost-effectiveness" in 2009. However, the Company failed to effectively reduce losses on traditional copper cable business due to the weak competitiveness of such business. The Supervisory Committee therefore suggested that the Board should pay extra attention to the issue and urge the management to launch the two new projects on the market and realize scale production as soon as possible, so as to turn them into production capacity, form a new profit driver and ultimately improve our corporate benefits. We also recommended that the Board should comply with the recommended best practices from Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules, strengthen internal control of the Company, exchange opinions with independent non-executive Directors regularly, in order to strengthen the communications between operation management and pay close attention to the operation management of the Company. The Supervisory Committee suggested to improve the Company's mid to long-term development and planning, ascertain its intermediate operation target and enhance corporate management and governance, so as to increase the Company's profitability, and guarantee a sustainable and healthy development of the Company.

In the year 2010, the Supervisory Committee will fully exercise its function in supervising the decision-making, finance, Directors and senior management of the Company, further develop a new mindset at work, diligently fulfill its surveillance duties and fulfil its duties in accordance with the Company law, the Articles of Association and relevant provisions of the Listing Rules as always to realize the development and improving the operating efficiency of the Company for the protection of the interest of all shareholders.

Yang Zhihe
Chairman of Supervisory Committee

26 March 2010

PKF
大信梁學濂（香港）會計師事務所

Accountants & business advisers
26/F, Citicorp Centre,
18 Whitefield Road,
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萬國寶通中心廿六樓

TO THE SHAREHOLDERS OF
CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED
(A sino-foreign joint stock limited company established in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Chengdu PUTIAN Telecommunications Cable Company Limited (the "Company") and its subsidiaries (collectively the "Group") set out on pages 52 to 117, which comprise the consolidated statements of financial position as at 31 December 2009, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PKF
Certified Public Accountants
Hong Kong
26 March 2010

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	**2009** **RMB'000**	2008 RMB'000
Turnover	6	**571,340**	649,162
Cost of sales		**(500,593)**	(589,611)
Gross profit		**70,747**	59,551
Other income and gain	7	**27,698**	81,910
Distribution costs		**(49,374)**	(47,468)
Administrative expenses		**(67,273)**	(67,750)
Operating (loss)/profit	8	**(18,202)**	26,243
Finance costs	9	**(1,093)**	(1,856)
Gain on disposal of land use rights		**—**	88,521
Share of results of associates		**27,152**	2,586
Profit before income tax		**7,857**	115,494
Income tax (expense)/credit	10	**(5,799)**	12,367
Profit for the year		**2,058**	127,861
(Loss)/profit for the year attributable to:			
Owners of the Company		**(9,259)**	117,496
Non-controlling interests		**11,317**	10,365
		2,058	127,861
		RMB Cents	*RMB Cents*
Basic (loss)/earnings per share for (loss)/profit attributable to the owners of the Company	11	**(2)**	29

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 RMB'000	2008 RMB'000
Profit for the year		**2,058**	127,861
Other comprehensive income, net of tax:			
Fair value gain on available-for-sale investments	12	**14,662**	4,197
Total comprehensive income for the year		**16,720**	132,058
Total comprehensive income attributable to:			
Owners of the Company		**5,403**	121,693
Non-controlling interests		**11,317**	10,365
		16,720	132,058

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2009

	Note	2009 RMB'000	2008 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**283,352**	275,483
Land use rights	16	**40,895**	41,892
Construction-in-progress	17	**61,497**	27,260
Interests in associates	18	**214,552**	196,203
Available-for-sale investments	19	**24,915**	6,925
Technical know-how	20	**875**	982
Deferred tax assets	21	**14,897**	21,354
		640,983	570,099
CURRENT ASSETS			
Inventories	22	**258,574**	200,880
Trade and bills receivables	23	**138,930**	205,192
Financial assets at fair value through profit or loss	24	**—**	100,000
Prepayments, deposits and other receivables		**33,360**	75,816
Loan advanced to an associate	32	**8,000**	—
Amounts due from associates	32	**480**	1,664
Amounts due from related companies	32	**427**	3,633
Deposits with incumbrance	25	**32,358**	8,708
Bank balances and cash	25	**379,947**	266,278
		852,076	862,171
Assets classified as held-for-sale	26	**25,050**	16,071
		877,126	878,242

	Note	2009 RMB'000	2008 RMB'000
LESS :			
CURRENT LIABILITIES			
Trade and bills payables	27	**90,701**	64,305
Other payables and accrued charges		**163,848**	115,312
Deposits for staff quarters	17	**6,493**	23,492
Amounts due to associates	32	**18,508**	13,572
Amounts due to related companies	32	**9,908**	9,590
Current income tax payable		**3,628**	9,086
Bank and other borrowings			
— amount due within one year	28	**15,700**	19,200
		308,786	254,557
NET CURRENT ASSETS		**568,340**	623,685
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,209,323**	1,193,784
NON-CURRENT LIABILITY			
Bank and other borrowings			
— amount due after one year	28	**10,578**	10,429
NET ASSETS		**1,198,745**	1,183,355

	Note	2009 RMB'000	2008 RMB'000
REPRESENTING :			
CAPITAL AND RESERVES			
Share capital	29	**400,000**	400,000
Reserves		**685,929**	680,526
Equity attributable to the owners of the Company		**1,085,929**	1,080,526
Non-controlling interests		**112,816**	102,829
TOTAL EQUITY		**1,198,745**	1,183,355

APPROVED AND AUTHORISED FOR ISSUE BY THE BOARD OF DIRECTORS ON 26 MARCH 2010

DIRECTOR *DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009

	Attributable to owners of the Company								
	Share capital	**Share premium**	**Capital reserve**	**Statutory surplus reserve fund**	**Financial assets valuation reserve**	**(Accumulated losses)/ retained earnings**	**Total**	**Non-controlling interests**	**Total**
	RMB'000	*RMB'000*	*RMB'000* *(note a)*	*RMB'000* *(note b)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2008	400,000	303,272	288,855	51,531	—	(84,825)	958,833	93,464	1,052,297
Total comprehensive income for the year	—	—	—	—	4,197	117,496	121,693	10,365	132,058
Dividend paid to non-controlling interests	—	—	—	—	—	—	—	(1,000)	(1,000)
Transfer	—	—	—	1,872	—	(1,872)	—	—	—
At 31 December 2008	400,000	303,272	288,855	53,403	4,197	30,799	1,080,526	102,829	1,183,355
Total comprehensive income for the year	—	—	—	—	14,662	(9,259)	5,403	11,317	16,720
Dividend paid to non-controlling interests	—	—	—	—	—	—	—	(1,330)	(1,330)
At 31 December 2009	**400,000**	**303,272**	**288,855**	**53,403**	**18,859**	**21,540**	**1,085,929**	**112,816**	**1,198,745**

In accordance with the Company's Articles of Association, for the purpose of the distribution of profits of the Company, profits available for distribution in relation to a financial year shall be the lesser of the amount calculated according to the People's Republic of China (the "PRC") accounting standards and the amount calculated according to the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. In addition, the profit after tax is required to be distributed in the following orders:

(i) to offset accumulated losses brought forward;

(ii) to allocate 10% of the profit after tax calculated in accordance with the PRC accounting standards to the statutory surplus reserve fund; and

(iii) to pay dividends.

Other than the retained earnings, the Company does not have any reserves available for distribution as at 31 December 2009 and 2008.

Notes:

(a) Capital reserve

The amount represents the reserve arising on acquisition of the entire business and undertakings pursuant to the reorganisation in 1994. Capital reserve can only be used to increase share capital.

(b) Statutory surplus reserve fund

In accordance with the relevant laws and financial regulations, the Company and its subsidiaries are required to transfer 10% of the profit after tax prepared in accordance with the PRC Regulations to the statutory surplus reserve fund every year until the balance reaches 50% of the paid up share capital. Such reserve can be used to reduce any losses incurred and to increase the registered capital. Except for the reduction of losses incurred, any other usage should not result in this reserve balance falling below 25% of the registered capital.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2009

	2009 RMB'000	2008 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	**7,857**	115,494
Adjustments for:		
Provision/(reversal) of impairment on trade receivables	**1,398**	(44,865)
Reversal of impairment loss on other receivables	**(1,531)**	(857)
Reversal of write-down on inventories	**(11,337)**	(18,912)
Exchange loss in foreign currency	**149**	—
Interest income	**(6,500)**	(2,937)
Interest expenses	**753**	1,589
Depreciation and amortisation	**22,539**	25,265
Gain on disposal of an asset transferred from an associate	**(6,427)**	—
Gain on disposals of property, plant and equipment	**(12)**	(236)
Gain on disposal of interest in an associate	**—**	(1,197)
Gain on disposal of land use rights	**—**	(88,521)
Share of results of associates	**(27,152)**	(2,586)
Gain on disposals of available-for-sale investments	**—**	(8,944)
Operating cash flows before movements in working capital	**(20,263)**	(26,707)
Increase in inventories	**(46,357)**	(10,890)
Decrease in trade and bills receivables	**64,864**	1,924
Decrease/(increase) in prepayments, deposits and other receivables	**43,987**	(46,877)
Decrease in amounts due from associates	**1,008**	10,523
Decrease/(increase) in amounts due from related companies	**3,206**	(1,375)
Increase/(decrease) in trade and bills payables	**26,396**	(13,095)
Increase/(decrease) in other payables and accrued charges	**27,963**	(8,308)
Decrease in deposits for staff quarters	**—**	(73)
Increase/(decrease) in amounts due to associates	**4,936**	(2,749)
Increase in amounts due to related companies	**318**	9,590
Cash generated from/(used in) operations	**106,058**	(88,037)
PRC income tax (paid)/refund	**(8,128)**	1,512
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	**97,930**	(86,525)

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2009

	2009	2008
	RMB'000	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan advanced to an associate	**(8,000)**	—
Payments to construction-in-progress	**(68,747)**	(59,293)
Interest received	**6,500**	2,937
(Increase)/decrease in deposits with incumbrance	**(23,650)**	91,282
Net proceeds from disposal of land use rights	**—**	94,472
Purchases of property, plant and equipment	**(11,943)**	(7,583)
Purchases of intangible asset	**—**	(1,070)
Purchases of financial assets at fair value through profit or loss	**—**	(100,000)
Purchases of available-for-sale investments	**—**	(162,000)
Proceeds from disposal of an asset transferred from an associate	**27,000**	—
Proceeds from disposal of financial assets at fair value through profit or loss	**100,000**	—
Proceeds from disposals of property, plant and equipment	**162**	29,416
Proceeds from disposals of available-for-sale investments	**—**	372,344
Proceeds on disposal of an associate	**—**	3,827
NET CASH GENERATED FROM INVESTING ACTIVITIES	**21,322**	264,332
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of bank and other borrowings	**(3,500)**	(20,784)
Interest paid	**(753)**	(1,589)
Dividends paid to non-controlling interests	**(1,330)**	(1,000)
New bank and other borrowings raised	**—**	15,000
NET CASH USED IN FINANCING ACTIVITIES	**(5,583)**	(8,373)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**113,669**	169,434
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**266,278**	96,844
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Bank balances and cash	**379,947**	266,278

1. GENERAL

The Company is a sino-foreign joint stock limited company established in the Peoples' Republic of China ("PRC"). Its ultimate holding company is China PUTIAN Corporation ("Potevio Group"), a state-owned enterprise established in the PRC. China Potevio Company Limited ("China Potevio" or "CPCL"), another joint stock limited company established in the PRC with limited liability, is the immediate holding company of the Company.

The Company's shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited ("Stock Exchange").

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

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

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

2. BASIS OF PREPARATION

(a) Compliance with Hong Kong Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. BASIS OF PREPARATION *(Continued)*

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

In the current year, the Group initially applied the following new or revised standards, amendments and interpretations ("new HKFRSs") issued by HKICPA:

HKFRSs (Amendments)	Improvements to HKFRSs
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendments)	Share-based Payment — Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instrument Issued in 2008
HK(IFRIC)-Int 9 and HKAS 39 (Amendments)	Embedded Derivatives
HKFRS 8	Operating Segments
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 18	Transfers of Assets from Customers
Improvements to HKFRSs (2008)	Other than amendments to HKFRS 1 and HKFRS 5

2. BASIS OF PREPARATION *(Continued)*

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

Except for the following new HKFRSs, the application of other new HKFRSs had no material impact on the Group's consolidated financial statements for the current or prior accounting periods.

As a result of the adoption of HKAS 1 (Revised), details of changes in equity during the year arising from transactions with owners in the capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expenses are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

HKFRS 8 requires segment disclosure be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's consolidated financial statements into segments based on related products. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is consistent with internal reporting provided to the Group's chief operating decision maker regards and manages the Group. No corresponding amounts have been restated to conform to the new presentation.

The amendments to HKAS 27 have removed the requirement that dividends paid out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in investee, rather than as income. As a result, as from 1 January 2009, all dividends receivable from subsidiaries, associates and jointly controlled entities, whether out of pre- or post-acquisition profits, will be recognised in the profit or loss and carrying amounts of the investments in the investees will not be reduced unless that an carrying amount is assessed to be impaired as a result of the dividend declared. In such cases, in addition to recognising dividend income in profit or loss, an impairment loss would be recognised. In accordance with the transitional provisions in the amendments, this new policy will be applied prospectively to any dividends received and receivable in the current or future periods and the previous periods have not been restated.

2. BASIS OF PREPARATION *(Continued)*

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

The following HKFRSs in issue as at 31 December 2009 have not been applied in the preparation of the consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1 January, 2009:

HKFRSs (Amendments)	Amendments to HKFRSs 1 and HKFRS 5 as part of improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRS issued in 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendments)	Classification of Rights Issues[4]
HKAS 39 (Amendments)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[1]
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transaction[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments (relating to the classification and measurement of financial assets)[7]
HK-Int 14 (Revised)	Lease-Determination of the Length of Lease Term in respect of Hong Kong Land Leases[3]
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 July 2009 or 1 January 2010 as appropriate
3 Effective for annual periods beginning on or after 1 January 2010
4 Effective for annual periods beginning on or after 1 February 2010
5 Effective for annual periods beginning on or after 1 July 2010
6 Effective for annual periods beginning on or after 1 January 2011
7 Effective for annual periods beginning on or after 1 January 2013

2. BASIS OF PREPARATION *(Continued)*

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

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's financial statements except for the following:

HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Measurement basis

The consolidated financial statements are prepared under the historical cost basis as modified by the revaluation of financial assets at fair value through profit or loss and certain available-for-sales investments.

(b) Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December 2009.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Consolidation *(Continued)*

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests.

Non-controlling interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Non-controlling interest are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Interests in associates

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the associates, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from sales of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title has passed.

Interest income is accrued on a time proportion basis using the effective interest rate.

Operating lease rental income is recognised on a straight-line basis over the period of the relevant lease terms.

Dividend income is recognised when the rights to receive payments have been established.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes are stated at cost less accumulated depreciation and impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual values of 3% to 10%, using the straight-line method, based at the following annual rates:

Buildings	2.7%-6.5%
Plant, machinery and equipment	7.5%-19.4%
Motor vehicles	10.8%-19.4%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continuing use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is derecognised.

(f) Construction-in-progress

Construction-in-progress represents property, plant and equipment in the course of construction and the expenditure on the development of staff quarters. Construction-in-progress is carried at cost less any recognised impairment loss.

Construction-in-progress regarding property, plant and equipment is transferred to the appropriate category of property, plant and equipment when completed and ready for intended use.

Construction-in-progress regarding staff quarters were net off to the deposits received from the staff when completed and the title has been passed to the staff. The deposits from the staff are calculated based on the construction cost of each staff quarters. The Group expects no gain or loss from such scheme.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Land use rights

Payments for obtaining land use rights are considered as operating lease payments. Land use rights are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to income statement over the period of the rights or the term of the respective enterprise to which the land use rights are granted, whichever is the shorter, using the straight-line method.

(h) Intangible asset

Intangible asset represents technical know-how acquired from an individual third party.

Intangible asset is stated at cost less accumulated amortisation and impairment losses.

Amortisation is calculated using the straight-line method to allocate the cost over the estimated useful life of 10 years. At each year end date, the Group reviews the carrying amount of its intangible asset to determine whether there is any indication that the intangible asset has suffered an impairment loss.

(i) Financial assets

The Group classifies its financial assets into the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated for hedging. Assets in this category are classified as current assets.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Financial assets *(Continued)*

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months from the year end date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the statement of financial position.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months from the year end date.

Regular purchases and sales of investments are recognised on trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are recognised in the income statement in the period in which they arise. Changes in fair value of available-for-sale financial assets are recognised in equity as other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Financial assets *(Continued)*

The Group assesses at each year end date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement — is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

When securities classified as available-for-sales are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as "gain and losses from investment securities". Dividend income from financial assets is recognised in the income statement as part of other income when the Group's right to receive payments is established.

(j) Borrowing costs

Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds and are expensed as incurred, except when they are capitalised on the acquisition or construction of qualifying assets.

(k) Assets held-for-sale

Non-current assets are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Non-current assets classified as held-for-sale are measured at the lower of the assets' previous carrying amounts and the fair values less costs to sell.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to depreciable assets are presented as a deduction from the carrying amount of the relevant asset and are released to income over the useful lives of the assets. Grants related to expense items are recognised in the same period as those expenses are charged in the income statement and are reported separately as other income.

(m) Impairment

At each year end date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

(n) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable nor deductible.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or asset is realised.

Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited outside profit or loss, in which case the deferred tax is dealt with in other comprehensive income or directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Cash equivalents

Cash equivalents are short-term, highly investments which are readily convertible into know amounts of cash and which are subject to an insignificant risk of changed in value.

(p) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(q) Retirement benefit schemes contributions

Payments to defined contribution retirement benefit schemes are charged as expenses when employees have rendered service entitling them to the contributions.

The Group participates in a retirement scheme operated by the Sichuan Administration Bureau of Social Insurance ("SABSI"). The Group's only obligation is to make an annual contribution to SABSI, which is the supervisory body and is responsible for the retirement scheme and all other relevant business.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(s) Operating leases

Rental income from operating leases is recognised in the income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

(t) Related parties

An individual is related to the Group if the individual (i) has, directly or indirectly, control or joint control or significant influence over the Group, or (ii) is a member of the key management personnel of the Group, or (iii) if the individual is a close member of the family of the individuals in (i) or (ii).

An entity is related to the Group if the entity (i) has, directly or indirectly, control or joint control or significant influence over the Group, or (ii) is controlled by or under common control with the Group, or (iii) is an associate or jointly controlled entity of the Group, or (iv) is controlled, jointly-controlled or significantly influenced by an individual related to the Group.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, management makes various estimates and judgements based on past experience, expectations of the future and other information. The key sources of estimation uncertainty and the critical judgements that can significantly affect the amounts recognised in the consolidated financial statements are discussed below:

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION-IN-PROGRESS

The impairment loss for property, plant and equipment and construction-in-progress are recognised for the amounts by which the carrying amount exceeds its recoverable amount, in accordance with the Group's accounting policy. The recoverable amounts of property, plant and equipment and construction-in-progress have been determined based on value-in-use calculations.

These calculations require the use of estimates such as the future revenue and discount rates. No impairment was provided during the year.

DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account of their estimated residual values. The determination of the useful lives and residual values involve management's estimation. The Group assesses annually the residual values and the useful lives of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

ALLOWANCE FOR INVENTORIES

The management of the Group reviews an aging analysis at each year end date, and makes impairment for obsolete and slow-moving inventory items identified that are no longer suitable for use in production. The management estimates the net realisable value for such raw materials, work-in-progress and finished goods based primarily on the latest invoice prices and current market conditions.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

ALLOWANCE FOR BAD AND DOUBTFUL DEBTS

The Group performs ongoing credit evaluations of each of its customers and adjusts credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of its current credit information. The Group continuously monitors collections and payments from its customers and maintains a provision for estimated impairment for credit loss based upon its historical experience and any specific customer collection issues that it has identified. Impairment for trade receivables has historically been within the Group's expectation and the Group will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses.

5. NATURE AND EXTENT OF FINANCIAL INSTRUMENTS RISKS

(a) Credit risk

Credit risk is the risk that a party to a financial instrument will cause a financial loss to the Group by failing to discharge an obligation. The Group manages credit risk by setting up credit control policy and periodic evaluation of credit performance of other parties, measured by the extent of past due or default and their financial healthiness. The carrying amounts of financial assets as at 31 December 2009, which represents the Group's maximum exposure to credit risk, are as follows:

	2009	2008
	RMB'000	*RMB'000*
Trade and bills receivables	**138,930**	205,192
Other receivables	**3,191**	59,008
Loan advanced to an associate	**8,000**	—
Amounts due from associates	**480**	1,664
Amounts due from related companies	**427**	3,633
Deposits with incumbrance	**32,358**	8,708
Bank balances	**379,748**	266,057
Financial assets at fair value through profit or loss	**—**	100,000
	563,134	644,262

5. NATURE AND EXTENT OF FINANCIAL INSTRUMENTS RISKS *(Continued)*

(a) Credit risk *(Continued)*

In respect of trade and other receivables, the Group performs ongoing credit evaluations of its customers individually and adjust credit limits on payment history and the customer's current credit-worthiness, as determined by the review of their current credit information.

The Group continuously monitors collections 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. Normally, the Group does not obtain collateral from customers.

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

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

The Group does not provide any guarantees which would expose the Group to credit risk.

(b) Liquidity risk

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

5. NATURE AND EXTENT OF FINANCIAL INSTRUMENTS RISKS *(Continued)*

(b) Liquidity risk *(Continued)*

The following table details the contractual maturities at the year end date of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group can be required to pay:

As at 31 December 2009

		Due for payments				
	Carrying amounts	Within one year or on demand	More than one year less than two years	More than two years less than five years	More than five years	Total contractual undiscounted cash flows
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	90,701	90,701	—	—	—	90,701
Other payables and accrued charges	95,315	95,315	—	—	—	95,315
Amounts due to associates	18,508	18,508	—	—	—	18,508
Amounts due to related companies	9,908	9,908	—	—	—	9,908
Bank and other borrowings	26,278	16,586	53	159	11,152	27,950
	240,710	231,018	53	159	11,152	242,382

5. NATURE AND EXTENT OF FINANCIAL INSTRUMENTS RISKS *(Continued)*

(b) Liquidity risk *(Continued)*

As at 31 December 2008

		Due for payments				
	Carrying amounts	Within one year or on demand	More than one year less than two years	More than two years less than five years	More than five years	Total contractual undiscounted cash flows
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	64,305	64,305	—	—	—	64,305
Other payables and accrued charges	112,721	112,721	—	—	—	112,721
Amounts due to associates	13,572	13,572	—	—	—	13,572
Amounts due to related companies	9,590	9,590	—	—	—	9,590
Bank and other borrowings	29,629	20,683	52	156	11,107	31,998
	229,817	220,871	52	156	11,107	232,186

5. NATURE AND EXTENT OF FINANCIAL INSTRUMENTS RISKS *(Continued)*

(c) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The following table details the Group's exposure as at 31 December 2009 that the currency risk arising from recognised assets or liabilities denominated in currencies other than the functional currency of the group entity to which they relate.

	2009			2008		
	USD	**Euro**	**JPY**	USD	Euro	JPY
	'000	***'000***	***'000***	*'000*	*'000*	*'000*
Trade and bills receivables	**—**	**—**	**—**	832	—	—
Bank balances and cash	**90**	**—**	**—**	66	—	—
Trade payables	**(8,887)**	**—**	**(554)**	(1,224)	—	(15,024)
Bank loan	**—**	**(1,078)**	**—**	—	(1,078)	—
Net exposure arising from recognised assets and liabilities	**(8,797)**	**(1,078)**	**(554)**	(326)	(1,078)	(15,024)

The Group operates in the PRC and has no significant exposure to foreign exchange risk arising from foreign currency. The directors consider that foreign exchange risk of the Group is low.

5. NATURE AND EXTENT OF FINANCIAL INSTRUMENTS RISKS *(Continued)*

(d) Interest rate risk

The Group's interest bearing financial instruments held at fixed interest rates were carried at amortised costs. Any changes in the interest rates affect only disclosure of their fair values.

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument traded in the market will fluctuate because of changes in market prices. As at 31 December 2009, the Group is exposed to market price risk arising from listed equity investment classified as available-for-sale investments.

The Group's listed security investment is listed on the Shanghai Stock Exchange in the PRC. The decisions to buy or sell listed equity investments are based on monitoring of the performance of the security. The changes in fair value are recognised in equity until the financial asset is disposed or is determined to be impaired. Should the market price of the listed security as at 31 December 2009 decreased by 10%, the carrying amount of the listed security investment and the equity as at 31 December 2009 would be decreased approximately by RMB2,492,000 (2008: approximately by RMB693,000) simultaneously, without affecting the Group's results for the year.

5. NATURE AND EXTENT OF FINANCIAL INSTRUMENTS RISKS *(Continued)*

(f) Fair values

Financial instruments carried at fair value

The following table represents the carrying values of financial instruments measure at fair value at 31 December 2009 date across the three levels of the fair value hierarchy defined in HKFRS 7, Financial Instruments: Disclosures, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted price (unadjusted) in active market for identical financial instruments.
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.
- Level 3 (lowest level): fair value measured using valuation techniques in which any significant input is not based on observable market data.

	At 31 December 2009		
	Level 1	**Level 2**	**Level 3**
	RMB'000	*RMB'000*	*RMB'000*
Available-for-sales investments	**24,915**	—	—

6. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and to assessing their performance. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

Information reported to the chief operating decision maker, directors of the Company, is more specifically focused on the types of goods delivered by the Group's operating divisions. The Group's operating and reportable segments under HKFRS 8 are therefore as follows:

Manufacture and sale of:

1. Copper cable and related products

2. Optical fibres and related products

3. Cable joining sleeves and related products

Segment assets include all tangible, intangible assets and current assets with the exception of interests in associates and deferred tax assets. Segment liabilities include trade payable, accruals and deposits received and other borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment results is "adjusted EBITDA" i.e. adjusted earnings before interest, taxes, depreciation and amortisation expenses. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of results of associates, directors' and auditor's remuneration and other head office or corporate administrative costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter-segment sales), interest income and expenses from cash balances and borrowings managed directly by the segments, depreciation, amortisation and additions to non-current segment assets by the segments in their operations.

6. SEGMENT INFORMATION *(Continued)*

Information regarding the above segments is reported below.

Segment revenues and results

The following is an analysis of the Group's revenues and results by reportable segment for the years ended 31 December 2009 and 2008:

	For the year ended 31 December 2009				
	Manufacture and sale of copper cable and related products	**Manufacture and sale of optical fibers and related products**	**Manufacture and sale of cable joining sleeves and related products**	**Elimination**	**Consolidated**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
REPORTABLE SEGMENT TURNOVER					
External turnover	370,667	109,949	90,724	—	571,340
Inter-segment turnover	11,758	—	—	(11,758)	—
Total turnover	382,425	109,949	90,724	(11,758)	571,340
REPORTABLE SEGMENT RESULTS (ADJUSTED EBITDA)	(38,870)	34,316	6,659		2,105
Share of results of associates					27,152
Depreciation and amortisation					(22,539)
Gain on disposal of an asset transferred from an associate					6,427
Finance costs					(1,093)
Unallocated corporate expense					(4,195)
Profit before income tax					7,857

6. SEGMENT INFORMATION *(Continued)*

Segments assets and liabilities

	At 31 December 2009			
	Manufacture and sale of copper cable and related products *RMB'000*	**Manufacture and sale of optical fibers and related products** *RMB'000*	**Manufacture and sale of cable joining sleeves and related products** *RMB'000*	**Consolidated** *RMB'000*
ASSETS				
Reportable segment assets	925,780	111,619	160,938	1,198,337
Interests in associates				214,552
Available-for-sales investments				24,915
Deferred tax assets				14,897
Loan advanced to an associate				8,000
Deposits with incumbrance				32,358
Assets classified as held-for-sale				25,050
Consolidated total assets				1,518,109
LIABILITIES				
Reportable segment liabilities	217,974	21,267	50,217	289,458
Current income tax payable				3,628
Borrowings				26,278
Consolidated total liabilities				319,364

6. SEGMENT INFORMATION *(Continued)*

Segments assets and liabilities *(Continued)*

	At 31 December 2009			
	Manufacture and sale of copper cable and related products	**Manufacture and sale of optical fibers and related products**	**Manufacture and sale of cable joining sleeves and related products**	**Consolidated**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other segment information				
Capital expenditure	51,086	2,380	27,224	80,690
Depreciation and amortisation	17,134	4,665	740	22,539
Interest income	(4,809)	(1,240)	(451)	(6,500)
Interest expense	753	—	—	753
Loss/(gain) on disposals of property, plant and equipment	54	(66)	—	(12)
Impairment loss on trade receivables	1,398	—	—	1,398
Reversal of write-down on inventories	(11,337)	—	—	(11,337)
Reversal of impairment loss on other receivables	(1,531)	—	—	(1,531)
Income tax (credit)/expense	(410)	3,679	2,530	5,799

6. SEGMENT INFORMATION *(Continued)*

Segment revenues and results

	For the year ended 31 December 2008				
	Manufacture and sale of copper cable and related products	**Manufacture and sale of optical fibers and related products**	**Manufacture and sale of cable joining sleeves and related products**	**Elimination**	**Consolidated**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
REPORTABLE SEGMENT TURNOVER					
External turnover	474,293	90,218	84,651	—	649,162
Inter-segment turnover	5,039	—	—	(5,039)	—
Total turnover	479,332	90,218	84,651	(5,039)	649,162
REPORTABLE SEGMENT RESULTS (ADJUSTED EBITDA)	4,841	16,263	22,045		43,149
Unallocated other operating income					10,141
Depreciation and amortisation					(25,265)
Unallocated corporate expense					(1,782)
Share of results of associates					2,586
Gain on disposal of land use rights					88,521
Finance costs					(1,856)
Profit before income tax					115,494

6. SEGMENT INFORMATION *(Continued)*

Segments assets and liabilities

	At 31 December 2008			
	Manufacture and sale of copper cable and related products	**Manufacture and sale of optical fibers and related products**	**Manufacture and sale of cable joining sleeves and related products**	**Consolidated**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS				
Segment assets	888,072	80,819	130,189	1,099,080
Interests in associates				196,203
Available-for-sale investments				6,925
Deferred tax assets				21,354
Financial assets at fair value through profit or loss				100,000
Deposits with incumbrance				8,708
Assets classified as held for sale				16,071
Consolidated total assets				1,448,341
LIABILITIES				
Segment liabilities	188,657	16,917	20,697	226,271
Current income tax payable				9,086
Borrowings				29,629
Consolidated total liabilities				264,986

6. SEGMENT INFORMATION *(Continued)*

Segments assets and liabilities *(Continued)*

	At 31 December 2008			
	Manufacture and sale of copper cable and related products	**Manufacture and sale of optical fibers and related products**	**Manufacture and sale of cable joining sleeves and related products**	**Consolidated**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other segment information				
Capital expenditure	66,499	193	1,254	67,946
Depreciation and amortisation	19,547	4,623	1,095	25,265
Interest income	(1,913)	(357)	(667)	(2,937)
Interest expense	1,589	—	—	1,589
Gain on disposals of property, plant and equipment	(72)	(162)	(2)	(236)
Reversal of impairment loss on trade receivables	(33,468)	(2,869)	(8,528)	(44,865)
Reversal of impairment loss on other receivables	(857)	—	—	(857)
Reversal of write-down on inventories	(13,925)	—	(4,987)	(18,912)
Income tax (credit)/expense	(15,761)	3,384	10	(12,367)

6. SEGMENT INFORMATION *(Continued)*

Entity-wide Information

All the Group's non-current assets are located in the PRC where all revenues are derived in the PRC.

7. OTHER INCOME AND GAIN

	2009	2008
	RMB'000	*RMB'000*
Interest income	**6,500**	2,937
Exchange gain	**—**	1,157
Gain on disposal of an asset transferred from an associate *(note a)*	**6,427**	—
Gain on disposals of available-for-sale investments	**—**	8,944
Rental income	**608**	738
Gain on disposals of property, plant and equipment	**12**	236
Reversal of impairment loss on trade receivables	**—**	44,865
Reversal of write-down on inventories	**11,337**	18,912
Reversal of impairment loss on other receivables	**1,531**	857
Gain on disposal of interest in an associate	**—**	1,197
Sales of scrap materials	**260**	250
Government subsidy income *(note b)*	**1,011**	—
Others	**12**	1,817
	27,698	81,910

Note:

(a) During the year, the liquidator of an associate currently under voluntary liquidation transferred a plot of land to the Company as part of the distribution of residual assets. The land was fair valued at RMB20,573,000. The land was subsequently possessed by the Wenjiang government at RMB27,000,000 during the year.

(b) Government subsidy income represents a one-off unconditional subsidy from local government for the interruption to production in the 2008 earthquake and the difficulties that the Company encountered in 2009 economic crisis.

8. OPERATING (LOSS)/PROFIT

	2009	2008
	RMB'000	*RMB'000*
Operating (loss)/profit has been arrived at after charging/(crediting):		
Auditor's remuneration	**1,050**	1,050
Amortisation of technical know-how	**107**	88
Amortisation of land use rights	**997**	1,101
Depreciation on property, plant and equipment	**21,435**	24,076
Provision/(reversal) of impairment loss on trade receivables	**1,398**	(44,865)
Net exchange loss/(gain), net	**218**	(1,157)
Staff costs		
— Salaries and allowances	**20,463**	35,762
— Defined contribution scheme contributions	**3,141**	9,428

9. FINANCE COSTS

	2009	2008
	RMB'000	*RMB'000*
Interest on bank and other borrowings wholly repayable within five years	**715**	1,551
Interest on bank borrowings not wholly repayable within five years	**38**	38
Other bank charges	**340**	267
	1,093	1,856

10. INCOME TAX EXPENSE/(CREDIT)

	2009	2008
	RMB'000	*RMB'000*
PRC enterprise income tax:		
— current tax on profits for the year	**6,015**	7,363
— (over)/under-provision in prior years	**(3,345)**	1,624
	2,670	8,987
Deferred taxation		
— current year *(Note 21)*	**3,129**	(21,354)
	5,799	(12,367)

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group's income neither arises in, nor is derived from, Hong Kong for the two years ended 31 December 2009.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Progress passed the Corporate Income Tax Law of the People's Republic of China ("New Tax Law") which has become effective on 1 January 2008. As a result of the New Tax Law, the statutory Enterprise Income Tax ("EIT") rate adopted by the Group was changed from 33% to 25% with effect from 1 January 2008.

Excepted for Chengdu Gaoxin Cable Company Limited, ("Gaoxin"), all the group companies have been recognised as technologically advanced enterprises, thus enjoying preferential tax reduction from 33% to 15% up to year ended 31 December 2007. Pursuant to the notices issued by the related authority in 2008, the Group, excepted for Gaoxin, continues to enjoy the preferential tax rate of 15% for the three years ending 31 December 2010.

Gaoxin did not have any assessable profit subject to EIT for the two year ended 31 December 2009 and did not enjoy preferential policy in the form of reduced tax rate.

10. INCOME TAX EXPENSE/(CREDIT) *(Continued)*

The income tax expense/(credit) for the year can be reconciled to the profit before tax per the consolidated income statement as follows:

	2009	2008
	RMB'000	*RMB'000*
Profit before tax	**7,857**	115,494
Tax at applicable tax rate of 25% (2008: 25%)	**1,964**	28,874
Tax effect of share of results of associates	**(6,788)**	(647)
Tax effect of income not subject to tax	**(1,860)**	(5,326)
Tax effect of expenses not deductible for tax purpose	**19,848**	3,065
Utilisation of tax losses previously not recognised	**—**	(12,161)
Utilisation of other temporary difference previously not recognised	**—**	(23,550)
(Over)/under-provision in prior years	**(3,345)**	1,624
Effect of preferential tax rate	**(4,020)**	(4,246)
Income tax expense/(credit) for the year	**5,799**	(12,367)

11. BASIC (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the Group's loss attributable to owners of the Company for the purpose of basic (loss)/earnings per share of approximately RMB9,259,000 (2008: profit of RMB117,496,000) and based on weighted average number of 400,000,000 (2008: 400,000,000) shares for the purpose of basic (loss)/earnings per share.

Diluted earnings per share are not presented as there were no dilutive shares outstanding during the two years ended 31 December 2009.

12. OTHER COMPREHENSIVE INCOME

Tax effects relating to other comprehensive income are as follows:

	2009			2008		
	Before tax amount ***RMB'000***	**Tax expense** ***RMB'000*** *(Note 21)*	**Net-of-tax amount** ***RMB'000***	Before Tax amount *RMB'000*	Tax expense *RMB'000*	Net-of-tax amount *RMB'000*
Available-for-sale investments: net movement in fair value reserve	**17,990**	**(3,328)**	**14,662**	4,197	—	4,197
Other comprehensive income	**17,990**	**(3,328)**	**14,662**	4,197	—	4,197

13. EMOLUMENTS OF THE DIRECTORS

The emoluments paid or payable to each of the ten (2008: ten) directors were as follows:

For the year ended 31 December 2009

		Other emoluments			
	Fees	**Salaries and allowances**	**Performance related incentive payments**	**Retirement benefits schemes contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Zhang Xiaocheng	—	—	—	—	—
Guo Aiqing	—	121	101	16	238
Zheng Jianhua	—	—	—	—	—
Chen Ruowei	—	—	—	—	—
Li Tong	—	—	—	—	—
Xiong Siyun	—	—	—	—	—
Fu Ruolin	—	—	—	—	—
Su Wenyu	—	—	—	—	—
Jiang Jianping	—	—	—	—	—
Independent non-executive directors:					
Choy Sze Chung, Jojo	30	—	—	—	30
Wu Zhengde	30	—	—	—	30
Li Yuanpeng	30	—	—	—	30
Total	90	121	101	16	328

13. EMOLUMENTS OF THE DIRECTORS *(Continued)*

For the year ended 31 December 2008

		Other emoluments			
	Fees	**Salaries and allowances**	**Performance related incentive payments**	**Retirement benefits schemes contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Zhang Xiaocheng	—	—	—	—	—
Guo Aiqing	—	122	110	13	245
Zheng Jianhua	—	—	—	—	—
Chen Ruowei	—	—	—	—	—
Li Tong	—	—	—	—	—
Xiong Siyun	—	—	—	—	—
Jiang Kun	—	—	—	—	—
Independent non-executive directors:					
Choy Sze Chung, Jojo	30	—	—	—	30
Wu Zhengde	30	—	—	—	30
Li Yuanpeng	30	—	—	—	30
Total	90	122	110	13	335

14. EMOLUMENTS OF THE FIVE HIGHEST PAID INDIVIDUALS

Of the five individuals with the highest emoluments in the Group, one (2008: one) was director, whose emoluments are set out in Note 13 above. The emoluments of the remaining four (2008: four) highest paid individuals were as follows:

	2009	2008
	RMB'000	*RMB'000*
Salaries and allowances	**376**	370
Performance related incentive payments	**299**	602
Defined contribution scheme contributions	**77**	64
	752	1,036

The aggregate emoluments of each of the highest paid individuals were not greater than RMB1,000,000.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant, machinery and equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
COST				
At 1 January 2008	203,531	399,044	10,682	613,257
Additions	1,234	3,985	2,364	7,583
Transfer from construction-in-progress *(Note 17)*	47,347	17,146	—	64,493
Disposals	(26,235)	(65,644)	(3,462)	(95,341)
Reclassified to assets held-for-sale	(20,946)	(95,830)	(2,232)	(119,008)
At 31 December 2008 and 1 January 2009	204,931	258,701	7,352	470,984
Additions	703	9,234	2,006	11,943
Transfer from construction-in-progress *(Note 17)*	—	17,511	—	17,511
Disposals	—	(667)	(828)	(1,495)
At 31 December 2009	**205,634**	**284,779**	**8,530**	**498,943**

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Buildings	Plant, machinery and equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
At 1 January 2008	18,431	317,743	8,748	344,922
Charged for the year	2,772	20,394	910	24,076
Eliminated on disposals	—	(62,938)	(3,223)	(66,161)
Reclassified to assets held-for-sale	(14,816)	(90,512)	(2,008)	(107,336)
At 31 December 2008 and 1 January 2009	6,387	184,687	4,427	195,501
Charged for the year	3,127	17,578	730	21,435
Eliminated on disposals	—	(638)	(707)	(1,345)
At 31 December 2009	**9,514**	**201,627**	**4,450**	**215,591**
NET CARRYING VALUE				
At 31 December 2009	**196,120**	**83,152**	**4,080**	**283,352**
At 31 December 2008	198,544	74,014	2,925	275,483

All the buildings of the Group are held under medium-term leasehold in the PRC.

16. LAND USE RIGHTS

	2009	2008
	RMB'000	*RMB'000*
The Group's land use rights comprises:		
Leasehold land in the PRC: medium-term leases	**40,895**	41,892

	RMB'000
COST	
At 1 January 2008	51,275
Reclassified to assets held-for-sale	(1,256)
At 31 December 2008 and 2009	**50,019**
ACCUMULATED AMORTISATION	
At 1 January 2008	7,220
Charged for the year	1,101
Reclassified to assets held-for-sale	(194)
At 31 December 2008 and 1 January 2009	8,127
Charged for the year	997
At 31 December 2009	**9,124**
NET CARRYING VALUE	
At 31 December 2009	**40,895**
At 31 December 2008	41,892

As at 31 December, 2009, land use rights with carrying amount of RMB14,855,000 (2008: Nil) were pledged to a local court for the legal proceeding against a customer.

17. CONSTRUCTION-IN-PROGRESS

	Staff quarters under-development *RMB'000* *(note)*	**Property, plant and equipment construction-in-progress** *RMB'000*	**Total** *RMB'000*
Cost			
At 1 January 2008	15,723	16,737	32,460
Additions	3,372	55,921	59,293
Transfer to property, plant and equipments *(Note 15)*	—	(64,493)	(64,493)
At 31 December 2008 and 1 January 2009	19,095	8,165	27,260
Additions	340	68,407	68,747
Transfer to staff	(16,999)	—	(16,999)
Transfer to property, plant and equipments *(Note 15)*	—	(17,511)	(17,511)
At 31 December 2009	**2,436**	**59,061**	**61,497**

Note:

The Group has introduced certain staff quarters development plans. An employee participating in the plans is required to make an initial contribution based on the construction costs of the quarters he/she chooses. The contribution is deposited into designated bank accounts to meet the development expenditures of the staff quarters (Note 25(b)). Upon completion, the Group will transfer the ownership rights of the staff quarters to the employees and all the development expenditure incurred will be recovered from them.

At 31 December 2009, the total amount of contributions received from the employees amounted to approximately RMB6,493,000 (2008: RMB23,492,000).

18. INTERESTS IN ASSOCIATES

	2009	2008
	RMB'000	*RMB'000*
Costs of investments in associates, unlisted	**155,582**	183,922
Share of post-acquisition profits or loss and reserves	**58,970**	12,281
	214,552	196,203

Details of the Group's principal associates as at 31 December 2009, all of which were established and operated in the PRC, are as follows:

Name of associate	**Place of incorporation/ kind of legal entity**	**Percentage of equity attributable to the Group**	**Principal activities**
		%	
Chengdu Peak Power Sources Co., Ltd.	PRC limited company	50	Manufacture and sale of electronic and electrical products
Chengdu CCS Optical Fibre Cable Co.,Ltd.	PRC Sino-foreign equity joint venture	49	Manufacture and sale of optical fibre cables
Chengdu Bada Connector Co., Ltd.	PRC Sino-foreign equity joint venture	49	Design, processing and manufacture of plugs for electrical connectors, plugs for visual frequency signal apparatus and meter and plugs with wires for calculators

The above table lists the associates of the Group, which in the opinion of the directors, principally affected the results of the year or form a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

18. INTERESTS IN ASSOCIATES *(Continued)*

The summarised financial information in respect of the Group's associates is set out below:

Financial position

	2009	2008
	RMB'000	*RMB'000*
Total assets	**600,150**	546,043
Total liabilities	**(162,289)**	(153,637)
Net assets	**437,861**	392,406
Group's share of net assets of associates	**214,552**	196,203

Results for the year

	2009	2008
	RMB'000	*RMB'000*
Turnover	**649,309**	449,566
Profit for the year	**55,412**	5,649
Other comprehensive income	**—**	—
Group's share of profits and total comprehensive income of associates for the year	**27,152**	2,586

19. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2009	2008
	RMB'000	*RMB'000*
Non-current:		
Unlisted equity securities, at cost *(note a)*	**5,150**	5,150
Less: Impairment loss recognised	**(5,150)**	(5,150)
	—	—
Listed equity securities, at fair value *(note b)*	**24,915**	6,925
	24,915	6,925

Notes:

(a) The above unlisted investments represent investments in unlisted equity securities issued by a private entity established in the PRC. They are measured at cost less impairment at each year end date because the range of reasonable fair value estimates is so wide that the directors are of the opinion that their fair values cannot be measured reliably.

(b) The above listed investments represent investments in equity securities listed on the Shanghai Stock Exchange in the PRC. Their fair values are determined by reference to market prices at the close of business at the year end date.

20. TECHNICAL KNOW-HOW

	RMB'000
COST	
Addition in 2008 and at 31 December 2008 and 2009	**1,070**
ACCUMULATED AMORTISATION	
Charged for the year and at 31 December 2008	88
Charge for the year	107
At 31 December 2009	**195**
NET CARRYING VALUE	
At 31 December 2009	**875**
At 31 December 2008	982

Note: Technical know-how was purchased in year 2008 and has an estimated useful life of 10 years.

21. DEFERRED TAX ASSETS

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movements in deferred tax asset during the year are as follows:

	Decelerated tax depreciation	Provisions	Financial assets valuation reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2008	—	—	—	—
Credited to the income statement *(Note 10)*	1,497	19,857	—	21,354
At 31 December 2008 and 1 January 2009	1,497	19,857	—	21,354
Charged to the income statement *(Note 10)*	59	(3,188)	—	(3,129)
Charged to other comprehensive income *(Note 12)*	—	—	(3,328)	(3,328)
At 31 December 2009	**1,556**	**16,669**	**(3,328)**	**14,897**

As at 31 December 2009 and 2008, the Group has no material unrecognised temporary differences.

22. INVENTORIES

	2009	2008
	RMB'000	*RMB'000*
Raw materials	**105,914**	68,363
Work-in-progress	**23,872**	23,131
Finished goods	**128,788**	109,386
	258,574	200,880

During the year ended 31 December 2009, the Group reversed write-down of RMB11,337,000 (2008: impairment of RMB18,912,000), as the obsolete inventories carried forward from prior years were sold in this year.

At 31 December 2009, the total amount of inventories stated at net realisable value amount to RMB41,895,000. (2008: RMB78,346,000)

23. TRADE AND BILLS RECEIVABLES

	2009	2008
	RMB'000	*RMB'000*
Trade and bills receivables	**197,567**	262,431
Less: Allowance for bad and doubtful debts	**(58,637)**	(57,239)
	138,930	205,192

23. TRADE AND BILLS RECEIVABLES *(Continued)*

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

	2009 **_RMB'000_**	2008 *RMB'000*
Within 90 days	**87,110**	111,823
91-180 days	**25,153**	69,742
181-365 days	**19,261**	12,363
Over 1 year	**7,406**	11,264
	138,930	205,192

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and bills receivables directly. The movements in the allowance for bad and doubtful debts are as follows:

	2009 **_RMB'000_**	2008 *RMB'000*
Balance at beginning of the year	**57,239**	102,104
Provision of impairment loss recognised in income statement	**1,398**	—
Reversal of impairment loss recognised in income statement	**—**	(44,865)
Balance at end of the year	**58,637**	57,239

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2009	2008
	RMB'000	*RMB'000*
Unlisted financial instrument in the PRC, at fair value	**—**	100,000

The unlisted embedded derivative financial instruments are debt securities with embedded derivatives issued by a bank in the PRC with one year maturity. The earning of the debt securities depend on certain indices established by the bank. In the worst scenario, the Group can recover the principals.

At 31 December 2009, the Group has no outstanding derivative financial instruments.

25. DEPOSITS, BANK BALANCES AND CASH

	2009	2008
	RMB'000	*RMB'000*
Deposits:		
Pledged deposits *(note a)*	**27,484**	3,208
Designated deposits *(note b)*	**4,874**	5,500
Deposits with incumbrance	**32,358**	8,708
Bank balances and cash *(note c)*	**379,947**	266,278
	412,305	274,986

25. DEPOSITS, BANK BALANCES AND CASH *(Continued)*

Notes:

(a) The amounts represent deposits pledged to banks to secure bills facilities granted to the Group. The deposits carry fixed interest rate of 2.25% per annum (2008: 3.00%). The pledged bank deposits will be released upon the settlement of relevant bills payable.

(b) The amounts represent contributions received from employees in respect of the staff quarters development plans of the Company (Note 17) which have been deposited with the banks under the name of the Company and are designated for staff quarters development.

(c) Included in bank balances and cash are short-term bank deposits of approximately RMB291,000,000 (2008: RMB99,100,000) carrying fixed interest rate at 0.36% (2008: 2.25% to 4.14%) per annum.

26. ASSETS CLASSIFIED AS HELD-FOR-SALE

	2009	2008
	RMB'000	*RMB'000*
Net assets of a non-wholly owned subsidiary	**16,071**	16,071
Interests in and trade receivable from an associate	**8,979**	—
	25,050	16,071

The net proceeds from the realisation of these assets are expected to exceed the net carrying amounts of the relevant assets and accordingly, no impairment loss has been recognised.

27. TRADE AND BILLS PAYABLES

	2009	2008
	RMB'000	*RMB'000*
An ageing analysis of trade and bills payables is as follows:		
Within 90 days	**83,602**	39,109
91-180 days	**1,669**	9,278
181-365 days	**2,211**	8,761
Over 365 days	**3,219**	7,157
	90,701	64,305

28. BANK AND OTHER BORROWINGS

	2009	2008
	RMB'000	*RMB'000*
Bank loans	**25,578**	28,929
Other loan	**700**	700
	26,278	29,629

28. BANK AND OTHER BORROWINGS *(Continued)*

The above bank and other borrowings are unsecured and wholly repayable as follows:

	2009	2008
	RMB'000	*RMB'000*
Bank loans:		
Within one year	**15,000**	18,500
More than one year but not exceeding two years	**—**	—
More than two years but not more than five years	**—**	—
More than five years	**10,578**	10,429
	25,578	28,929
Other loan:		
On demand	**700**	700
Total bank and other borrowings	**26,278**	29,629
Less: Amount due within one year shown under current liabilities	**(15,700)**	(19,200)
Amount due after one year shown under non-current liabilities	**10,578**	10,429

At 31 December 2009, all the bank and other borrowings are fixed-rate borrowings, which carry interest ranging from 0.5% to 5.3% (2008: 0.5% to 7.8%) per annum. Included in the Group's borrowings is a bank loan denominated in Euro amounted to Euro1,078,000 (2008: Euro1,078,000). All other borrowings are denominated in RMB.

29. SHARE CAPITAL AND CAPITAL MANAGEMENT

(a) Share capital

	2009 and 2008	
	Number of shares	**Amount** *RMB'000*
Registered, issued and fully paid-up capital of RMB1 each:		
Stated-owned legal person shares	240,000,000	240,000
Overseas listed foreign invested shares	160,000,000	160,000
	400,000,000	400,000

(b) Capital management

The Group's equity capital management objectives are to safeguard to the Group's ability to continue as a going concern and to provide an adequate return to shareholders commensurately with the level of risk. To meet these objectives, the Group manages the equity capital structure and makes adjustments to it in the light of changes in economic conditions by paying dividends to shareholders, issuing new equity shares, and raising or repaying debts as appropriate.

The Group's equity capital management strategy, which was unchanged from the previous periods, was to maintain a reasonable proportion in total debts and equity capital. The Group monitors equity capital on the basis of the debt-to-equity capital ratio, which is calculated as net debt over equity capital. Net debt is calculated as total debt less bank balances and cash. Equity capital comprises all components of equity (i.e. share capital, reserves and non-controlling interests). The debt-to-equity capital ratios at 31 December 2009 and 2008 are as follows:

29. SHARE CAPITAL AND CAPITAL MANAGEMENT *(Continued)*

(b) Capital management *(Continued)*

	2009	2008
	RMB'000	*RMB'000*
Total debt	**319,364**	264,986
Less: Bank balances and cash	**(379,947)**	(266,278)
Net debt	**(60,583)**	(1,292)
Total equity	**1,198,745**	1,183,355
Debt-to-equity capital ratio	**(0.051)**	(0.001)

30. CAPITAL COMMITMENTS

At 31 December 2009, the Group had the following capital commitments:

	2009	2008
	RMB'000	*RMB'000*
Contracted but not provided for:		
Acquisition of machinery and equipment	—	13,905
Construction of new plant	**48,323**	13,140
	48,323	27,045
Approved but not contracted for:		
Construction of new plant	**80,000**	—

31. PLEDGE OF ASSETS

At 31 December 2009, the Group pledged the following assets to banks as security for general banking facilities granted to the Group:

	2009	2008
	RMB'000	*RMB'000*
Bank deposits	**27,484**	3,208

At 31 December 2009, the Group's land use right with carrying amount of RMB14,855,000 (2008: Nil) has been pledged for a legal action claimed against a customer for trade debts amounting to RMB3,800,000. The Group has made full provision for that trade receivable in prior year.

32. RELATED PARTY TRANSACTIONS AND BALANCES

(a) During the year, the Group entered into the following transactions with related parties:

	2009	2008
	RMB'000	*RMB'000*
Potevio Group and its subsidiaries:		
— Sales of finished goods	**11,758**	5,039
— Management fee income	**120**	120
Associates:		
— Sales of finished goods	**1,827**	18,950
— Purchases of raw materials	**(1,866)**	(207)
— Technology transfer fee expense	**—**	(1,764)
— Interest income	**410**	—
— Sales of scrap materials	**260**	—
— Technology management fee expenses	**(1,988)**	—

32. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(a) During the year, the Group entered into the following transactions with related parties: *(Continued)*

The Group operates in an economic environment predominated by enterprises directly or indirectly owned or controlled by the PRC government through its numerous authorities, affiliates or other organisations (collectively "State-owned Enterprises"). During the year ended 31 December 2009, the Group had transactions with State-owned Enterprises including, but not limited to, sales of telecommunication cables, optical fibers, cable joining sleeves and related products. The directors consider that transactions with other State-owned Enterprises are activities in the ordinary course of business, and that dealings of the Group have not been significantly controlled or influenced by the PRC government. The Group has also established pricing policies for products and such pricing policies do not depend on whether or not the customers are State-owned Enterprises. Having due regard to the substance of the relationships, the directors are of the opinion that none of these transactions are material related party transactions that require separate disclosure.

(b) Excepted for a loan advance to an associate of RMB8,000,000, which carry interest at 10% per annum, the balances with associates and related companies are unsecured, interest-free and repayable on demand.

(c) Compensation of key management personnel

	2009	2008
	RMB'000	*RMB'000*
Salaries and allowances	**1,275**	1,211
Defined contribution scheme contributions	**154**	142
	1,429	1,353

33. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2009, all of which were established and operated in the PRC, are as follows:

Name of subsidiary	Place of incorporation and kind of legal entity	Percentage of registered capital	Particulars of registered capital held by the Company		Principal activities and place of operation
			Directly %	Indirectly %	
Ministry of Posts and Factory Telecommunications Cable Chengdu Shuangliu Shrinkable Products Factory	PRC/cooperative joint venture	RMB22,520,000 registed capital	66.7	—	Manufacture and sale of cable joining sleeves in the PRC
Chengdu SEI Optical Fiber Co., Ltd.	PRC/cooperative joint venture	US$13,750,000 registed capital	60	—	Manufacture and sale of optical fibres in the PRC
Chengdu MCIL Radio Communications Co., Ltd.	PRC/cooperative joint venture	RMB82,100,000 registed capital	90	6.67	Manufacture and sale of copper cables, parts and components for wireless telecommunications system networks in the PRC
Chengdu Gaoxin Cable Co., Ltd.	PRC/cooperative joint venture	RMB8,116,116 registed capital	64.3	—	Manufacture and sale of copper cables and, wires special cables and other telecommunications products in the PRC

REGISTERED NAME OF THE COMPANY

成都普天電纜股份有限公司

ENGLISH NAME OF THE COMPANY

Chengdu PUTIAN Telecommunications
Cable Company Limited

LEGAL REPRESENTATIVE

Zhang Xiaocheng

EXECUTIVE DIRECTORS

Zhang Xiaocheng *(Chairman)*
Guo Aiqing *(Vice Chairman)*
Fu Ruolin
Chen Ruowei
Su Wenyu
Jiang Jianping

INDEPENDENT NON-EXECUTIVE DIRECTORS

Choy Sze Chung, Jojo
Wu Zhengde
Li Yuanpeng

SUPERVISORS

Yang Zhihe
Xiong Ting
Dai Xiaoyi

COMPANY SECRETARY

Ngai Wai Fung

QUALIFIED ACCOUNTANT

Xu Biao

AUTHORIZED REPRESENTATIVES

Guo Aiqing
Ngai Wai Fung

BOARD COMMITTEES

AUDIT COMMITTEE

Choy Sze Chung, Jojo *(Chairman)*
Wu Zhengde
Li Yuanpeng

REMUNERATION AND APPRAISAL COMMITTEE

Wu Zhengde *(Chairman)*
Choy Sze Chung, Jojo
Li Yuanpeng
Fu Ruolin
Jiang Jianping

NOMINATION COMMITTEE

Li Yuanpeng *(Chairman)*
Choy Sze Chung, Jojo
Wu Zhengde
Chen Ruowei
Su Wenyu

STRATEGIC DEVELOPMENT COMMITTEE

Zhang Xiaocheng *(Chairman)*
Guo Aiqing
Choy Sze Chung, Jojo
Wu Zhengde
Li Yuanpeng

REGISTERED ADDRESS AND OFFICE ADDRESS OF THE COMPANY IN THE PRC

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Fax: (028) 8787 7010

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

8th Floor, Gloucester Tower,
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15 Queen's Road Central,
Central, Hong Kong

BUSINESS REGISTRATION NUMBER

No. 1972 of Qi He Chuan Rong Zong Zi

TAXATION REGISTRATION NUMBER

51010920193968x

PLACE OF LISTING OF H SHARES

The Stock Exchange of Hong Kong Limited
Stock Code: 1202

AUDITORS

HONG KONG

PKF Certified Public Accountants
26th Floor, Citicorp Centre,
18 Whitefield Road,
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Hong Kong

THE PRC

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LEGAL ADVISERS

THE PRC

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Postal Code: 610036

HONG KONG

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PRINCIPAL BANKERS

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Chengdu, Sichuan Province,
The PRC

H SHARE REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited
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Wanchai,
Hong Kong

ADDRESS FOR INSPECTION OF CORPORATE DATA

The Office of the Board
Chengdu PUTIAN Telecommunications
Cable Company Limited
No. 18, Xinhang Road,
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The PRC

KCS Hong Kong Limited
8th Floor, Gloucester Tower,
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15 Queen's Road Central,
Central, Hong Kong

TIME OPEN FOR SHAREHOLDERS RECEPTION

On 8th and 18th every month (or the following day in case of holiday in the PRC)
9:00 am to 12:00 pm
2:00 pm to 5:00 pm
Tel: (028) 8787 7008
Fax: (028) 8787 7010

THE COMPANY'S WEBSITE AND EMAIL

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