



Chairman
Zhang Xiaocheng

To Shareholders:

I am pleased to present the annual report of the Company and its subsidiaries (collectively as the "Group") for the year ended 31 December 2006 (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, profit before tax was approximately RMB150,627,000 and profit attributable to shareholders amounted to RMB139,294,000, representing an increase of 393.0% compared with the same period last year. Earnings per share were RMB0.35.

2006 was a "Year of Construction" for the Company, carrying a special meaning in its development history. In 2006, Chengdu Industrial Base of China Putian commenced construction. Meanwhile, the Company was able to withstand two challenges, namely, huge price fluctuations in relation to raw materials and a highly competitive market. The Company was also able to capture business opportunities and overcome various types of difficulties, lay a foundation and pave the way for a new era for Putian. The Company has created the most favourable business environment ever since 2001, which has laid a solid foundation for 2007.

Under the planned strategic tasks and goals of China Putian in 2006, the Company completed the election of a new Board and significant progress in relation to various tasks was made by all colleagues under the leadership of the new management team. The Company strictly adhered to its goals, namely the "Implementation of the Base Plan" to ensure the smooth progress of construction work by careful planning; "Refining Management Policies" to improve its management system and streamline its operational flow; "Speeding up Reform" to actively accommodate development need in line with the commencement of the construction of the industrial base; "Construction of a new Putian" with increased effort to enhance staff motivation so as to raise the morale of staff and to lay a foundation for corporate reform. With the concerted efforts of our staff, we can meet annual production targets satisfactorily.

From an analysis of the development trends of the cable industry over the past few years, it is expected we will still face a complex business environment due to both internal and external factors. On the one hand, the information technology industry continues to be one of the major developing industries identified by the Government under the "Eleventh Five-Year Plan", and after years of consolidation, the telecommunication industry will experience new development opportunities following the arrival of 3G era. On the other hand, the pressure on domestic cable manufacturers has intensified due to a periodical adjustment of the industry and the entry of overseas cable manufacturers in the PRC market. In the meantime, the Company is facing two uncertainties, that is, copper price fluctuation and the relocation of the Company, which will have a significant impact on its business operations. Accordingly, the Company shall unify its missions and innovate in order to capture the opportunities arising from its relocation and to strengthen its confidence in and its determination to redevelop. We will work together for the completion of the relocation in 2007 and for the sound development of the business operation.

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 offered to the Company throughout the year.

Best wishes
Zhang Xiaocheng
Chairman

20 April 2007