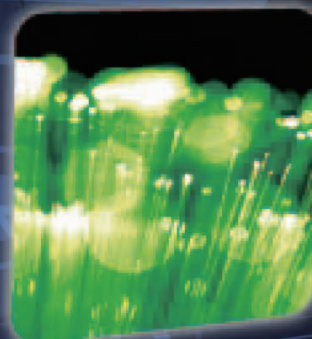


Potevio 中国普天

CHENGDU PUTIAN TELECOMMUNICATIONS
CABLE COMPANY LIMITED

(a sino-foreign joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code: 1202



2013
ANNUAL REPORT

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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's scope of business includes: technological research and development, product manufacturing, sales and services of wires and cables, optical fibres and optical cables, specialized materials used for cables, irradiation processing, cable accessories, specialized facilities and equipment and the equipment and facilities for various information industry products (excluding products restricted and prohibited by the State); import and export, wholesaling and retailing and commission agency (excluding auction) of commodities with respect to the aforesaid products; wholesaling and retailing and commission agency (excluding auction) of domestically procured commodities (excluding specialized commodities), technical consultancy and provision of technological services. 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

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Operating income	915,481	498,057
Operating profit/(loss)	734	(86,503)
Share of profit/(loss) of associates	207	(7,957)
Profit/(loss) before income tax	7,204	(83,188)
Profit/(loss) attributable to equity holders of the Company	(527)	(97,714)
Basic earning/(loss) per share	RMB(0.0013)	RMB(0.24)

SUMMARY OF NET ASSETS

	31 December 2013 <i>RMB'000</i>	31 December 2012 <i>RMB'000</i>
Total assets	1,956,253	1,314,872
Total liabilities	561,803	224,363
Total net assets	1,394,450	1,090,509
Net assets per share*	RMB3.49	RMB2.73

* Net assets per share as at 31 December 2013 is calculated on the basis of net assets attributable to the owners of the Company of RMB1,002,419,794.26 (2012: RMB1,003,694,649.15) and the total issued shares of 400,000,000 shares (2012: 400,000,000 shares).

CHAIRMAN'S STATEMENT



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 2013 (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 (the "Board") and all staff of the Company.

During the Year, the Company's profit before tax was approximately RMB7,203,936.97 and loss attributable to Shareholders amounted to approximately RMB527,216.49. Basic loss per share of the Company was approximately RMB0.0013.

In 2013, based on its development strategies and plans, the Company concentrated its efforts on strengthening the operation and management which laid a foundation for the growth of its business. Under the three-year strategic objectives, the Company made certain achievements in the transformation through the integration of optical fibre and cable business. Breakthroughs have also been achieved in the steady progress of institutional reform and staff promotion mechanism reform and gradual improvement of all systems. The Company accomplished part of the budget tasks through subdivision of operation tasks and strict performance of assessment duties. During the Year, we have focused on strictly controlling budgets, reducing costs, adjusting the structure and promoting reforms. We overcome various difficulties with the efforts of the management and all staff and achieved our annual operating objectives which facilitated the sustainable development of the Company.

The Company will continue to face competition in 2014 as the problem of excessive supply in major product markets continued to worsen, the prices of optical fibre and feeder cable decreased significantly and the room for reducing costs and expenditures was further compressed. Confronted with such internal and external environment, we shall enhance innovation and reform and continuously optimize and adjust business chain by taking into account of the prevailing market condition to pursue established strategic objectives for survival and sustainable development.

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

Zhang Xiaocheng

Chairman

28 March 2014

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF PRINCIPAL BUSINESS

I. PRINCIPAL BUSINESS

During the Year, the Company continued to expedite the adjustment of business portfolio and optimize resources allocation in order to lay a solid foundation for sustainable development.

1. Optical telecommunication business segment

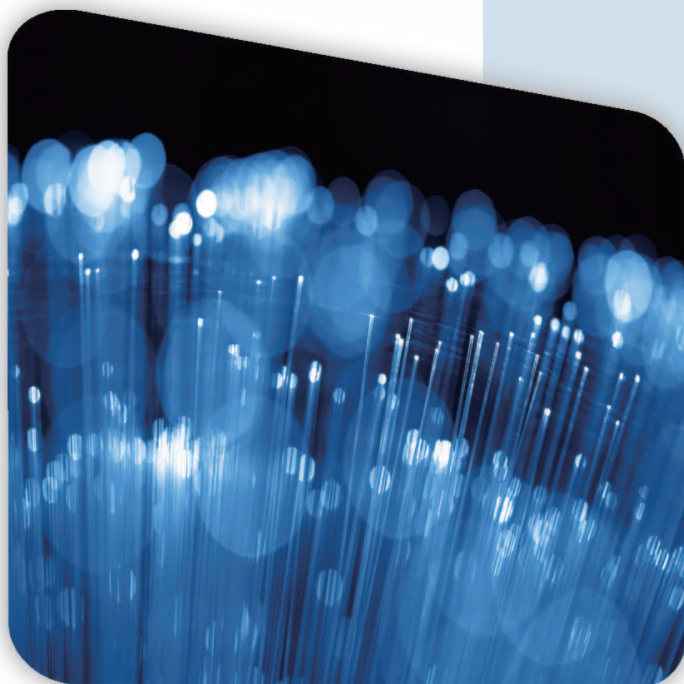
During the Year, the Company established an integrated business chain of optical fibre and cable through disposal of Chengdu CCS Optical Cable Co., Ltd. ("Chengdu CCS") and operation in Putian Fasten Cable Telecommunication Co., Ltd. ("Putian Fasten"), which complied with the strategic planning of the cable telecommunication segment and became the major source of profit of the Company.

2. Copper cables business segment

The Company disinvested from businesses which recorded losses for many years, such as telecommunication cable, through structural adjustment. Electrical cable business unit was set up and has commenced operation. The Company determined to launch the ultra fine cable project after passing of technical tests and trial production. Initial operation direction of power cable project was also confirmed.

3. Other business segments

The loss recorded by Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant ("Shuangliu Heat Shrinkable") reduced significantly as compared with the corresponding period of the previous year through adjusting product mix and lowering manufacturing costs. In addition, a wireless telecommunication business unit was set up under the new project which was determined upon negotiations. With the integration of the Putian brand and market resources with new technology and new product, the Company was able to identify new source of profit growth. The Company also explored new business opportunities through investment and merger and acquisition.



MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

II. STRENGTHENING GENERAL MANAGEMENT

1. Strengthening comprehensive budget and financial management to fulfill operation targets.

The Company carried out internal budget review on all business units for the first time. It kept track of budget implementation and conducted monthly budget analysis on indicators, including profits, income, investment gain, expenses, inventories and accounts receivable and turnover rate. Reimbursement of non-budget expenses was under strict control while the impact of new budget on total budgeted profits for the Year was analyzed. The Company enhanced cost accounting management and determined reasonable purchase amount of raw materials by improving product management standard. With efficient project management and governance, the Company enhanced its cost accounting management on the sale of goods.

2. Improving efficiency of human resources management through structural adjustment.

The Company formulated the Structural Adjustment Plan pursuant to the needs of its strategic development plan and adjustment of product mix. Initial structural adjustment of the Company was completed to improve efficiency of human resources. Four departments (including two business units or subsidiaries) were established, twelve departments were either closed, combined or downsized and eight departments were reserved.

3. Identifying risk factors of the Company to strengthen risk prevention and control capabilities of the Company.

The Company has identified risk factors and performed systematic evaluation on business procedures. It also strengthened inspection on inventory management and accounts receivable management to reinforce risk prevention and control capabilities of the Company. Emphasis was placed on the establishment and implementation of internal control system. Its existing rules and systems were analyzed and optimized. It formulated six new systems and amended seven systems during the Year.

FINANCIAL ANALYSIS

TURNOVER

During the Year, the turnover of the Group amounted to approximately RMB915,481,305.70, representing an increase of 83.81% as compared with approximately RMB498,057,297.73 for the year ended 31 December 2012 (the "Previous Year").

During the Year, the turnover of the Company was approximately RMB182,946,563.19, representing an increase of 14.25% 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 RMB160,173,661.8; Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant ("Shuangliu Heat Shrinkable"), a company in which the Company owns 66.7% equity interest, recorded a turnover of heat shrinkable joining sleeves of approximately RMB61,111,174.26; Chengdu Zhongling Radio Communications ("CMRC"), a company in which the Company owns 96.67% equity interest, recorded a turnover of wire feed cable of approximately RMB91,148,268.52; Putian Fasten Cable Telecommunication Co., Ltd. ("Putian Fasten"), a company in which the Company owns 45% equity interest, recorded a turnover of optical fibre and cable of approximately RMB433,443,103.09.

NET LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The net loss attributable to equity holders of the Company for the Year amounted to approximately RMB527,216.49, while a net loss of approximately RMB97,714,018.36 was attributable to equity holders of the Company for the Previous Year.

RESULTS ANALYSIS

As at 31 December 2013, the Group's total assets was approximately RMB1,956,252,966.27, representing an increase of 48.78% as compared with approximately RMB1,314,872,117.46 as at the end of Previous Year. Current assets amounted to approximately RMB1,163,926,702.84, accounting for 59.50% of the total assets and representing a decrease of 90.14% as compared with approximately RMB612,131,620.14 as at the end of Previous Year. Property, plant and equipment totalled approximately RMB580,639,862.10, accounting for 29.68% of the total assets and representing an increase of 49.16% as compared with approximately RMB389,283,736.57 as at the end of Previous Year, which was mainly attributable to the establishment of Putian Fasten, a new subsidiary, during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

As at 31 December 2013, the Group's total liabilities amounted to approximately RMB561,802,655.48; liability-to-asset ratio was 28.72%; bank and other short-term loans were approximately RMB225,000,000.00, representing an increase of 1,945.45% as compared with approximately RMB11,000,000.00 as at the end of Previous Year. During the Year, the Group did not arrange any other capital raising activities.

As at 31 December 2013, the Group's bank deposits and cash totalled approximately RMB379,793,686.19, representing an increase of 72.71% as compared with RMB219,904,310.13 as at the end of Previous Year.

During the Year, the Group's selling expenses, administration expenses and finance income amounted to approximately RMB45,330,307.89, RMB111,113,769.47 and RMB106,714.10 respectively, representing an increase of 38.99%, an increase of 36.82% and a decrease of 97.76% respectively as compared with approximately RMB32,613,638.73, RMB81,212,625.13 and RMB4,765,164.61 respectively in Previous Year.

As at 31 December 2013, the Group's accounts and bill receivables amounted to approximately RMB272,577,132.00 and RMB85,549,034.5 respectively, representing increases of 171.56% and 66.27% respectively as compared with approximately RMB100,375,592.35 and RMB51,453,086.64 respectively as at the end of Previous Year.

ANALYSIS OF CAPITAL LIQUIDITY

As at 31 December 2013, the Group's current assets amounted to approximately RMB1,163,926,702.84 (2012: RMB612,131,620.14), current liabilities were approximately RMB458,158,066.17 (2012: RMB129,936,931.57), the annual receivables turnover period was 93.99 days and the annual inventory turnover period was 136.88 days. The above data indicates that the Company has strong solvency but its liquidity ability and management are yet to be improved. (Note: deposit, trade and bill receivables are expressed in net value).

ANALYSIS OF FINANCIAL RESOURCES

As at 31 December 2013, the Group's bank and other short-term loans were approximately RMB225,000,000.00. As the Group had comparatively sufficient bank deposits and cash with a total amount of approximately RMB379,793,686.19, the Group does not have any short-term solvency risk.

NON-CURRENT LIABILITIES OR LOAN

As at 31 December 2013, the outstanding amount of the Group's long-term loan incurred as a result of the purchase of a French accelerator was approximately RMB9,090,296.75 (equivalent to approximately EUR1,079,748.75), which is a French government loan at an interest rate of 0.5% per annum. The loan denominated in Euro is subject to exchange rate risks resulting from fluctuations of the exchange rate in the international foreign exchange market. This long-term loan is an instalment loan in respect of which the maximum repayment period is thirty-six years. As the outstanding amount of the long-term loan is relatively small, there is no material impact on the operations of the Group.

CAPITAL STRUCTURE OF THE GROUP

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

LIQUIDITY AND SOURCE OF FUNDS

The Group's net cash inflow from operating activities amounted to RMB115,316,798.95 during the Year (2012: RMB20,605,318.46, representing a decrease of approximately RMB135,922,117.41).

During the Year, the Group spent approximately RMB121,601,015.23 (2012: RMB19,598,244.25, representing an increase of approximately RMB102,002,770.98) for the purchase of property, plant and equipment and the construction in progress.

As at 31 December 2013, the Group's total liabilities and equity interests amounted to approximately RMB1,956,252,966.27 (2012: RMB1,314,872,117.46). The Group's interest expenses was approximately RMB8,972,851.92 for the Year (2012: RMB586,234.98).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

CONTINGENT LIABILITIES

As at 31 December 2013, the Group did not have any contingent liabilities (2012: Nil).

BUSINESS OUTLOOK

The operation principles of the Company in 2014 are to carry out refined management, effective reform, efficient business transformation and steady development.

I. ACCELERATING ADJUSTMENT AND UPGRADE OF BUSINESS PORTFOLIO AND ESTABLISHING DEVELOPMENT PLATFORM WITH OPERATION MODE DRIVEN BY BUSINESS AND CAPITAL BASED ON THE STRATEGY OF THE COMPANY.

1. Optical telecommunication business segment

The Company will seek to solve the specific problems which impair the integrated effects of cable telecommunication business. The Company will focus on building its core competitiveness by enhancing technology research and development. Efforts will be exerted to break through the production capacity bottleneck of self-developed optical wands. New generation of product with features of low loss and bend tolerance will be developed. The Company will strengthen its marketing capability as well as improve inventory and accounts receivable turnover rates in line with market changes to boost profitability. Cable telecommunication business, as a core business, will therefore be able to contribute to the mid- to long-term healthy operation of the Company.

2. Copper cables business segment

Electrical cable: The Company will expand into the railway cable market and explore the railway line market. It will also increase the amortized cost of orders and control cost with reference to the market benchmark. By refining management to strive for higher gross profit, the Company will be able to ensure the healthy development of electrical cable business.

Power cable: The Company will reorganize its existing assets and expand into new markets for more efficient and better business development.

Feeder cable: The Company will strengthen its marketing efforts and internal management. Efforts will be made to explore new sources of customers. It will also try to increase sales revenue through developing new products, such as leakage-resistant cable. Productivity will be enhanced through strict implementation of budget management and technology innovation.

3. Other business segment

Heat shrinkable products: Internal and external resources of the Company will be integrated to facilitate business chain expansion. It will further reduce the costs and expenses, enhance research and development and optimize product mix to maximize the economy of scale. In addition to the principal oil pipeline products, the Company will also strengthen development and sales of products, such as electricity, optical communication, water and heat supply.

Composite belt: The Company will endeavour to reform its operation mechanism and enhance its cost management level. Its emphasis will be on increasing sales to new customers through market development so as to improve cost efficiency and turn its business around.

New business: Capitalizing on the competitive edges of its brand, technologies and liquidity, the Company will seek new business development opportunities through trading and business integration in accordance with its risk management mechanism.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

II. ESTABLISHING EFFICIENT BUSINESS MANAGEMENT PLATFORM THROUGH SYSTEMATIC COORDINATOR, STRONGER FOUNDATION AND EFFECTIVE REFORM

1. Optimizing appraisal and incentive system for better human resources reform

The Company will continue its restructuring reform by streamlining and adjusting staff duties based on business development and position requirements. It will also formulate efficient, stable and effective remuneration policies based on positions to bring competent professionals and management into full play. A training system for key management will be established to launch training and practice campaigns for reinforcing strategic management principles and key management capability.

2. Ensuring comprehensive budget management based on prompt and accurate primary information

System measures will be refined to facilitate the collection and report of primary information, allowing the prompt and accurate use of management information. Regular analysis on the comprehensive budget management will be carried out to regulate operation details and minimize deviation of strategy implementation.

3. Reinforcing sales management to enhance market expansion efforts of sales platforms of all businesses

Efforts will be made to further strengthen sales management and capability of all businesses. The sales teams of each business will be established as planned. Incentives for employees who achieve higher sales targets will be increased and the incentive policies will be made favourable to market development staff.

4. Facilitating future development through transformation of technological support platform

A technological and innovation platform which integrates the technological efforts between the Company and its business units will be established to cater for the needs of the market and customers as well as actual production needs. To cope with insufficient new product development of different segments and eliminate obsolete products of the Company, a product technological development department will be set up to ensure that there will be balanced production, research and development and technological development efforts within the product development system.

REPORT OF THE DIRECTORS

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 pages 43 to 44 of this annual report.
2. The financial position of the Group as at 31 December 2013 are set out in the consolidated balance sheet on pages 39 to 42 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 47 and 48 of this annual report.
4. The cash flows of the Group are set out in the consolidated cash flows statements on pages 45 to 46 of this annual report.

FINANCIAL HIGHLIGHTS

The following is the financial highlights of the Group for the five years ended 31 December 2013 which were extracted from the consolidated financial statements prepared in accordance with the Accounting Standards for Business Enterprises — Basic Standard issued by the Ministry of Finance of the PRC.

	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000	2009 RMB'000
Turnover	915,481	498,057	587,094	525,614	577,241
Profit/(loss) before income tax	7,204	(83,188)	(56,509)	93,651	7,857
Income tax (credit)/expense	(169)	(5,352)	(7,244)	(806)	5,799
Profit/(loss) for the Year	7,373	(88,540)	(63,733)	92,845	2,058
Of which:					
Profit/(loss) attributable to equity holders of the Company	(527)	(97,714)	(66,045)	87,035	(9,259)
Minority interests	7,900	9,174	2,312	5,810	11,317
Total assets	1,956,253	1,314,872	1,403,396	1,490,675	1,517,858
Total liabilities	561,803	224,363	221,716	235,561	350,323
Minority interests	392,031	86,814	81,640	81,692	77,382
Total net assets	1,394,450	1,090,509	1,181,680	1,255,114	1,167,535

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 analysis of the Group's turnover and contribution to the operating results for the Year according to the Group's principal activities and geographical markets are set out in note V.31 to the consolidated financial statements on pages 102 to 103 of this annual report.

REPORT OF THE DIRECTORS (Continued)

MAJOR CUSTOMERS AND SUPPLIERS

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 (%)	
	2013	2012
Purchase		
Single largest supplier	16	15
Five largest suppliers	48	46
Sales		
Single largest customer	7	18
Five largest customers	18	37

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 had any direct or indirect interests in any of the five largest suppliers or the five largest customers of the Group.

FINAL DIVIDEND

The Board did not recommend the payment of any final dividend for the year ended 31 December 2013 (2012: Nil).

SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2013 are set out in note IV to the consolidated financial statements on page 74 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 V.11, V.12 and V.13 respectively to the consolidated financial statements on pages 89 to 92 of this annual report respectively.

SHARE CAPITAL

Details of the share capital of the Company are set out in note V.27 to the consolidated financial statements on page 101 of this annual report.

The Company did not have 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 2013 up to the date of this annual report.

OVERDUE TIME DEPOSITS

As at 31 December 2013, the Group did not have any deposit and trust deposit with non-banking financial institutions nor time deposits that cannot be recovered on maturity.

REPORT OF THE DIRECTORS (Continued)

INCOME TAX

In accordance with related requirements of the Administrative Measures with regard to the Recognition of High-tech Enterprises (《高新技術企業認定管理辦法》)(Guo Ke Fa Huo [2008] No. 172) and the Administrative Guidance with regard to the Recognition of High-tech Enterprises (《高新技術企業認定管理工作指引》)(Guo Ke Fa Huo [2008] No. 362) and Chuan Gao Qi Ren [2011] No. 4 issued by the High-tech Enterprise Accreditation Management Team of Sichuan, the Company and its subsidiaries Shuangliu Heat Shrinkable, Chengdu SEI, and CMRC are recognised as High-tech enterprises and entitled to a preferential tax rate of 15% for High-tech enterprises with a period of validity of three years from 2011 to 2013.

According to Sugaoqixie [2012] No.22 issued by the High-tech Enterprises Recognition and Management Coordination Group of Jiangsu Province, the Company's subsidiary, Jiangsu Fasten Photonics Cable Co., Ltd., was recognised as a high-tech enterprise (Certificate number GF201232000809) for a period of three years. The subsidiary was subject to an Enterprise Income Tax rate of 15% starting from 1 January 2012.

MARKET RISKS

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

RISKS RELATING TO COPPER PRICES AND OTHER COMMODITIES PRICES

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

CREDIT RISK

The Group manages credit risk by setting up credit control policy and periodic evaluation of credit performance of other parties, measured by the extent of delinquency or default and their financial viability.

The Group performs ongoing credit evaluations of each of its customers and adjusts credit limits mainly 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 the collection of payments from its customers and maintains a provision for estimated impairment for credit loss based upon historical experience and recoverability evaluation of individual customers. Impairment for trade receivables has historically been within the management's expectation and the Group will continue to monitor the collections from customers and maintain credit losses at appropriate level. The Group did not hold any collateral from its customers.

The Group has no concerns over significant concentration of credit risk, with exposure spread over a number of customers and institutions for deposits. The Board considered that the credit risk from deposits and bank balances is minimal as the balances are placed with financial institutions with high credit ratings and state-owned banks.

The Group does not provide any guarantees to third parties which would expose the Group to unnecessary credit risks.

REPORT OF THE DIRECTORS (Continued)

LIQUIDITY RISK

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

INTEREST RATE RISK

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

FOREIGN EXCHANGE RISK

All of the Group's transactions are carried out in RMB. The fluctuation of the RMB/USD exchange rate may affect the international and local copper prices, which may therefore affect the Group's operating results. In the past few years, the exchange rate of RMB was comparatively stable. RMB is not a freely convertible currency. On 21 July 2005, the People's Bank of China increased the exchange rate of RMB against U.S. dollar by 2.1%, and the exchange rate of RMB against a basket of currencies may fluctuate. In view of the above circumstances, the PRC government might take further actions and measures on the free trade of RMB. Therefore, fluctuations in exchange rates may have an adverse effect on the Group's net assets, earnings and any dividend declared, which shall be converted or translated into Hong Kong dollars.

The Group has been monitoring the exchange rate between RMB and Hong Kong dollar closely as the proceeds raised by the Group from the initial public offering are denominated in Hong Kong dollars. Meanwhile, appropriate measures aiming at reducing the risk of fluctuation in exchange rates have been taken to minimize such risks.

NUMBER OF SHAREHOLDERS

Details of the number of Shareholders as recorded in the register of members of the Company as at 31 December 2013 are as follows:

Classification	Number of Shareholders
State-owned legal person shares	1
Overseas listed foreign invested shares — H Shares	224
Total number of Shareholders	225

SHAREHOLDING OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2013, 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 155,686,998 H Shares of the Company, representing 38.92% of the total issued share capital of the Company. At the end of the Year, HKSCC held 155,336,998 H Shares of the Company, representing 38.83% of the total issued share capital of the Company.

As at 31 December 2013, 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 (Chapter 571 of the Laws of Hong Kong) (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.

REPORT OF THE DIRECTORS (Continued)

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. The interests, other than those held by Directors, Supervisors and chief executives of the Company, are disclosed below.

As indicated by HKSCC, as at 31 December 2013, the following Central Clearing and Settlement System ("CCASS") participants held 5% or more of the total number of H Shares issued:

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 Limited	21,573,100	13.48%	5.39%
CITIC Securities Brokerage (HK) Limited	13,599,000	8.49%	3.40%
Bank of China (Hong Kong) Limited	12,078,000	7.54%	3.02%
BOCI Securities Limited	11,793,000	7.37%	2.95%

Save as disclosed above, as at 31 December 2013, the Company was not aware of any other equity interests which are required to be disclosed pursuant to the SFO. The Board of the Company was not aware of any person holding, directly or indirectly, 5% or more of the total share capital of H Shares issued.

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 as at 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
Ping Hao
Cong Huisheng
Chen Ruowei
Du Xinhua
Fan Xu

INDEPENDENT NON-EXECUTIVE DIRECTORS

Choy Sze Chung, Jojo
Wu Zhengde (resigned on 16 May 2013)
Li Yuanpeng
Xiao Xiaozhou (appointed on 31 July 2013)

SUPERVISORS

Zheng Zhili
Xiong Ting
Dai Xiaoyi

REPORT OF THE DIRECTORS (Continued)

PROFILE OF DIRECTORS, SUPERVISORS, COMPANY SECRETARY AND SENIOR MANAGEMENT

1. DIRECTORS

Executive Directors

Mr. Zhang Xiaocheng, aged 57, 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 seventh session of the Board of the Company. He is also the 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 (大連經濟管理學院), the office secretary, the secretary to the general manager, the deputy director of office, the director of the research centre, the 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, fifth and sixth sessions of the Board of the Company and the chairman of the third and fourth sessions of the 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. Ping Hao, aged 42, has a bachelor's degree in engineering and a master's degree in business administration from Nanjing University. Mr. Ping is an executive director of the seventh session of the Board and the general manager of the Company. He had served as the general manager of Xishan Putian Information Network Company (錫山普天信息網絡公司) and Nanjing Southern Telecom Co., Ltd. (南京南方電訊有限公司) and the assistant to the president and general manager of wireless system department of Nanjing Putian Telecommunications Co., Ltd. (南京普天通信股份有限公司). Mr. Ping joined the Company in February 2012 and has extensive experience in the telecommunications industry and corporate management.

Mr. Cong Huisheng, aged 60, is an executive director of the seventh session of the Board of the Company, deputy general manager of the finance department of China Potevio, and is also a director of Shanghai Putian Kechuang Electronics Co., Ltd. (上海普天科創電子有限公司) and a director of Shanghai Potevio Co., Ltd. (上海普天郵通科技股份有限公司). He served as the deputy head and head of the financial department and deputy chief accountant of Shanghai Posts & Telecommunications Equipment Factory of the Posts and Telecommunications Ministry (郵電部上海通信設備廠) and the chief accountant of Shanghai Potevio Co., Ltd. and concurrently held a directorship in Tianjin Zhongtian Tongxin Co., Ltd. (天津中天通信有限公司). Mr. Cong joined the Company in November 2012 and has extensive experience in financial management.

Mr. Chen Ruowei, aged 52, 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) 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 Telecom Technology Co., Ltd. (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 over twenty years of extensive experience in optical communication, information technology and business management.

REPORT OF THE DIRECTORS (Continued)

Mr. Du Xinhua, aged 49, holds a PhD in engineering from University of Science and Technology Beijing. Mr. Du is an executive director of the seventh session of the Board of the Company, the deputy general manager of corporate development department of China Potevio and a director of Wuhan PUTIAN Power Co., Ltd. (武漢普天電源有限公司). He served as the secretary to the head office and leader of R&D project of the 20th Research Institute of Ministry of Electronics Industry (電子部第二十研究所), the senior business manager of investment management department of Beijing Venture Capital Co., Ltd. (北京科技風險投資公司), the assistant to general manager of investment management department of Beijing International Trust Co., Ltd. (北京國際信託投資公司), the general manager of risk investment department and general manager of investment department of CITIC Securities Co., Ltd., the executive deputy general manager of Tsinghua Venture Capital Co., Ltd. (清華科技創業投資有限公司), the assistant to general manager and manager of business development department of Beijing Capital Technology Investment Co., Ltd. (北京首創科技投資有限公司) and an executive director, the deputy general manager and Secretary of CPC General Branch of Beijing Capital Tyre Co., Ltd. (北京首創輪胎有限責任公司), and the executive deputy general manager, acting general manager and general manager of Wuhan PUTIAN Power Co., Ltd. (武漢普天電源有限公司). Mr. Du joined the Company in November 2012 and has extensive experience in risk management and investment management.

Mr. Fan Xu, aged 38, holds a master's degree in management engineering and science from Tsinghua University. Mr. Fan is an executive director of the seventh session of the Board and the deputy general manager of the Company as well as the equity investment and financing manager of investment and financing development department of China Potevio. He served as the investment management director of capital operation department, senior investment management director of corporate development department and equity investment and financing manager of investment and financing development department of China Potevio. Mr. Fan joined the Company in February 2012 and has extensive experience in economic analysis and capital operation.

Independent Non-executive Directors

Mr. Choy Sze Chung, Jojo, aged 55, has a master's degree in business administration. He obtained the master of business administration degree from University of Wales and the master of business law degree from Monash University. Mr. Choy is an independent non-executive director of the seventh session of the Board of the Company and 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 two 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) and Sparkle Roll Group Limited (耀萊集團有限公司) (stock code: 00970). He is also the chairman of the Institute of Securities Dealers Limited in Hong Kong, a fellow member of The Hong Kong Institute of Directors, the director of securities team of The Hong Kong Mediation Alliance, a committee member of Society of Registered Financial Planners, 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, an honorary president of Shantou Overseas Friendship Association, an honorary president of Shantou Overseas Exchange Association, a standing director of The Overseas Teo Chew Entrepreneurs Association, an honorary principal of Chen Po Sum School and a committee council member of Rotary Club Kowloon West. He was 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. Li Yuanpeng, aged 74, has a bachelor's degree. He is currently a senior consultant of The Fifth Research Institute of Telecommunications Technology, a professor-grade senior engineer, a member 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 and an independent non-executive director of the seventh session of the Board of the Company. Mr. Li served as the director of the research department of the fifth Research Institute of Posts and Telecommunications Science Research Institute (郵電部電信科學技術研究院), 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 Subcommittee 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 of the China Institute of Communication and a chief member of the Communication Lines Committee. He was 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.

REPORT OF THE DIRECTORS (Continued)

Mr. Xiao Xiaozhou, aged 59, has a bachelor's degree in engineering from Southwest Jiaotong University. He is currently the assistant to the president of CSR Corporation Limited. Mr. Xiao served as the deputy chief engineer, the head of production department and the deputy factory head of Liu Zhou Locomotive and Rolling Stock Factory (柳州機車車輛廠), the senior engineer of the operation and sales department of China National Railway Locomotive & Rolling Stock Industry Corporation (中國鐵路機車車輛工業總公司), the head of the marketing department and the marketing and sales division, the general manager of the truck business division and the deputy chief economist of CSR Corporation, the chairman of the board of directors of CSR Investment & Leasing Co. Ltd. (南車投資租賃有限公司) and the assistant to the president of CSR Corporation Limited. Mr. Xiao has over 40 years of experience in business management, production management and marketing management. Mr. Xiao joined the Company on 31 July 2013.

Service Contracts of Directors

Each of the existing Directors appointed or re-elected on 13 November 2012 has entered into a service contract with the Company, with a term of three years commencing from 13 November 2012 to the date when a new session of the Board is elected at an extraordinary general meeting to be held in 2015. Mr. Xiao Xiaozhou has also entered into a service contract with the Company, with a term commencing from 31 July 2013 to the date when a new session of the Board is elected at an extraordinary general meeting to be held in 2015. The Directors' remuneration includes salary, bonus, allowance and other benefits including pension.

Save as disclosed above, no Director 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. Zheng Zhili, aged 54, is currently a Party member, the team leader of the Discipline Inspection Commission and the chairman of labour union of China PUTIAN Corporation, and concurrently serves as the secretary to party committee of Putian Eastern Communications Group Co., Ltd. (普天東方通信集團有限公司), a supervisor and the chairman of the supervisory committee of China Potevio Company Limited, and a supervisor of Putian New Energy Co., Ltd. (普天新能源有限責任公司). Mr. Zheng served as the secretary and a regimental officer of the office of political department of the Commission of Science Technology and Industry for National Defense, a supervisor at department level and deputy director of the office of supervisory bureau under the Discipline Inspection Commission of the State Economic and Trade Commission, and the deputy director and a discipline inspector at deputy bureau chief level of the office of supervisory bureau of the discipline inspection commission of the State-owned Assets Supervision and Administration Commission of the State Council. Mr. Zheng joined the Company in November 2012 and has extensive experience in corporate management and audit supervision.

Mr. Xiong Ting, aged 51, obtained a bachelor's degree in university. He is currently the Supervisor of the seventh session of the Supervisory Committee, 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 served as the secretary of the league committee, the factory manager of the branch factory and the director of the office of Chengdu Cable Factory of the Ministry of Posts and Telecommunications (郵電部成都電纜廠), assistant to general manager of the Company, manager of the supplier company and supervisor of the fifth and sixth sessions of the Supervisory Committee. Mr. Xiong joined the Company in 1982 and has over ten years of experience in corporate administrative management.

Ms. Dai Xiaoyi, aged 40, graduated from Chongqing Institute of Post and Telecommunications and obtained professional and tertiary qualification in fiber-optic communication in the faculty of telecommunications. She is an engineer and is currently the deputy director of Party-Masses Work Department and the vice chairman of the labor union of the Company. Ms. Dai joined the Company in September 1995 and served as a 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 seventh session of the Supervisory Committee of the Company.

Service Contracts of Supervisors

Each of the existing Supervisors appointed or re-elected on 13 November 2012 has entered into a service contract with the Company, with a term of three years commencing from 13 November 2012 to the date when a new session of the Supervisory Committee is elected at an extraordinary general meeting to be held in 2015. Terms of office of all Supervisors are renewable for re-election or re-appointment 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).

REPORT OF THE DIRECTORS (Continued)

3. COMPANY SECRETARY

Ms. Kwong Yin Ping, Yvonne, joined the Company on 27 October 2011. Ms. Kwong Yin Ping holds a bachelor's degree in accountancy from the Hong Kong Polytechnic University and is a fellow member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Ms. Kwong had worked at the corporate secretarial departments of various well-established local and international professional institutions and listed companies in the last twenty years.

4. SENIOR MANAGEMENT

Mr. Hu Mingde, aged 46, completed university education and is currently the deputy general manager of the marketing department of the Company. Mr. Hu joined the Company in 1990. He served as manager of sales department and manager, assistant to general manager and deputy general manager of the Company. Mr. Hu has extensive experience in marketing and image promotion.

Ms. Yu Qian, aged 44, a postgraduate, is currently the Chief Financial Officer of the Company. Ms. Yu joined the Company in November 2011, and was once the Chief Financial Officer of Chengdu SEI (a large optical fiber manufacturer in the PRC, which is affiliated to the Company). Ms. Yu is well experienced in financial supervision in the communication industry and is familiar with the financial position of the Company and the management and operation of stock companies.

STAFF AND REMUNERATION POLICY OF THE GROUP

As at 31 December 2013, the Group had 1,211 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.

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 RMB39,160,507,400 in the Year (2012: RMB42,334,799,600). 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 2013, 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 and 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).

REPORT OF THE DIRECTORS (Continued)

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 corporations.

REMUNERATION OF DIRECTORS

Details about the remuneration of Directors are set out in note VI.5.7 to the consolidated financial statements on pages 117 and 118 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 VI.5.7 to the consolidated financial statements on page 118 of this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the year ended 31 December 2013, 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 V.25 to the consolidated financial statements on page 99 of this annual report.

PLEDGE OF ASSETS

During the Year, owing to sufficient working capital for production and operation, the Group did not obtain any new loan from banks which was secured by the Group's assets (2012: the Group did not obtain any loan from banks which was secured by the Group's assets).

At 31 December 2013, the Group did not pledge any land use right as security (2012: Nil).

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.

CONVERTIBLE SECURITIES, SHARE OPTIONS, WARRANTS OR RELEVANT ENTITLEMENTS

During the year ended 31 December 2013, the Group did not issue any convertible securities, share options, warrants or relevant entitlements.

REPORT OF THE DIRECTORS (Continued)

SIGNIFICANT EVENTS

1. AMENDMENTS TO THE CONTRACT REGARDING THE ESTABLISHMENT OF A JOINT VENTURE COMPANY, PUTIAN FASTEN CABLE TELECOMMUNICATION CO., LTD.

On 5 April 2013, the Company, China Potevio, Jiangsu Fasten Hongsheng Group Co., Ltd. ("Fasten Group") and Jiangsu Fasten Company Limited ("Fasten Company"), Fasten Group Co., Ltd. ("Fasten Co., Ltd.") and Jiangyin Enterprise Technology Investments Co., Ltd. ("Jiangyin Enterprise") entered into the amended joint venture contract, pursuant to which all parties agreed that the 31% interest in the Joint Venture Company which was originally proposed be held by Fasten Group will be held by Fasten Co. Ltd. and Jiangyin Enterprise as to 24.8% and 6.2% respectively, and Fasten Co. Ltd. and Jiangyin Enterprise would correspondingly contribute the capital of RMB124 million and RMB31 million respectively. Fasten Co. Ltd. will contribute RMB124 million by transferring 82.003% interests in Fasten Photonics Co., Ltd. ("Fasten Photonics") to the Joint Venture Company while Jiangyin Enterprise will make the contribution of RMB31 million in cash.

In accordance with the Listing Rules, China Potevio Corporation is the substantial shareholder of the Company and constitutes a connected person of the Company. Therefore, the transaction constitutes a connected transaction of the Company which is subject to the reporting, announcement and independent shareholders' approval requirements in accordance with Chapter 14A of the Listing Rules. Details of the transaction were set out in the circular of the Company dated 14 June 2013.

On 31 July 2013, the aforesaid joint venture transaction was passed by way of an ordinary resolution at the first 2013 extraordinary general meeting of the Company.

2. VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO PROPOSED ACQUISITION OF CERTAIN ENTITIES

On 5 April 2013, Putian Fasten Cable Telecommunication Co., Ltd. ("Joint Venture Company") entered into two acquisition agreements pursuant to which Putian Fasten Cable Telecommunication Co., Ltd. agreed to acquire the entire equity interest in each of Jiangsu Fasten Optical Cable Co., Ltd. ("Fasten Optical") and Fasten Photonics. The consideration for acquisition of the entire equity interest in Fasten Optical is RMB121,996,000. The consideration for acquisition of 82.003% equity interest in Fasten Photonics of RMB124,000,000 will be paid by transferring 24.8% equity interest in the Joint Venture Company to Fasten Co. Ltd. The consideration for the acquisition of 17.997% equity interest in Fasten Photonics of RMB27,519,197 will be paid by the Joint Venture Company in cash.

In accordance with the Listing Rules, China Potevio Corporation is the substantial shareholder of the Company and constitutes a connected person of the Company. Therefore, the transaction constitutes a connected transaction of the Company which is subject to the reporting, announcement and independent shareholders' approval requirements in accordance with Chapter 14A of the Listing Rules. Details of the transaction were set out in the circular of the Company dated 14 June 2013.

On 31 July 2013, the aforesaid joint venture transaction was passed by way of an ordinary resolution at the first 2013 extraordinary general meeting of the Company.

3. VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE PROPOSED DISPOSAL OF INTEREST IN AN ASSOCIATED COMPANY

On 5 April 2013, the Company entered into the Disposal MOU with Corning Mauritius Ltd. ("Corning Mauritius"), pursuant to which the Company shall sell the 49% equity interest in Chengdu CCS Optical Fibre Cable Co., Ltd. ("Chengdu CCS"), being the entire interest held by the Company in Chengdu CCS. Since the equity interest in Chengdu CCS is regarded as state-owned assets under relevant PRC rules, transfer of the equity interest in Chengdu CCS was subject to the bidding held at Shanghai United Asset and Equity Exchange (上海聯合產權交易所). The bidding completed on 3 June 2013 and Corning Mauritius successfully bid to acquire at the final consideration of RMB290 million which shall be paid in cash upon completion.

On 31 July 2013, the aforesaid transaction was passed by way of an ordinary resolution at the first 2013 extraordinary general meeting of the Company.

REPORT OF THE DIRECTORS (Continued)

4. RESIGNATION AND APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

On 16 May 2013, the Company approved the resignation of Mr. Wu Zhengde as an independent non-executive Director of the Company. On 15 July 2013, the Board of the Company approved the nomination of Mr. Xiao Xiaozhou as an independent non-executive Director of the Company. According to the Articles of Association, the appointment of Director is subject to the approval of the Shareholders. Accordingly, the Board has resolved to submit the proposal as an ordinary resolution at the extraordinary general meeting to approve the appointment of Mr. Xiao as an independent non-executive Director and to fix his remuneration. Once the appointment of Mr. Xiao as independent non-executive Director becomes effective, he will also be appointed as a member of the audit committee, nomination committee and strategic development committee of the Company.

On 31 July 2013, the aforesaid appointment was passed by way of an ordinary resolution at the first 2013 extraordinary general meeting of the Company.

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 MEETINGS

On 31 July 2013, the Company held an extraordinary general meeting. At the first extraordinary general meeting, the Company was approved to enter into the amended joint venture contract with China Potevio, Fasten Group, Fasten Company and Jiangyin Enterprise; Putian Fasten Cable Telecommunication Co. Ltd (普天法爾勝光通信有限公司) was approved to enter into acquisition agreements with each of Fasten Company and Fasten Co., Ltd, pursuant to which, Putian Fasten Cable Telecommunication Co. Ltd (普天法爾勝光通信有限公司) shall acquire 100% equity interest in Fasten Optical Cable Co., Ltd. under Fasten Company and 17.997% equity interest in Fasten Photonics under Fasten Co., Ltd; the Company was approved to enter into a Disposal MOU with Corning Mauritius; and the articles of association of the Company was amended and an independent non-executive director was appointed. Relevant details are set out in the circulars of the Company dated 14 June 2013 and 16 July 2013.

CORPORATE GOVERNANCE CODE

During the year, save as disclosed in the Corporate Governance Report, the Company has complied with the provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors and Supervisors of the Company.

After making 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 standards set out in the Model Code for Securities Transactions by the Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules during the Year.

REPORT OF THE DIRECTORS (Continued)

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. Xiao Xiaozhou and Mr. Li Yuanpeng, all being independent non-executive Directors of the Company. The Audit Committee is responsible for matters relating to internal control and financial reports and has reviewed the Company’s audited financial statements for 2013.

The Audit Committee considered that the audited financial statements for 2013 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 21 June 2013, at which Daxin Certified Public Accountants was appointed as the international auditors of the Company.

The financial statements of the Group prepared in accordance with the Accounting Standards issued by Ministry of Finance of the PRC have been audited by the auditors, Daxin Certified Public Accountants, which will retire at the forthcoming AGM to be convened and is eligible for re-appointment in the forthcoming AGM.

By order of the Board
Zhang Xiaocheng
Chairman

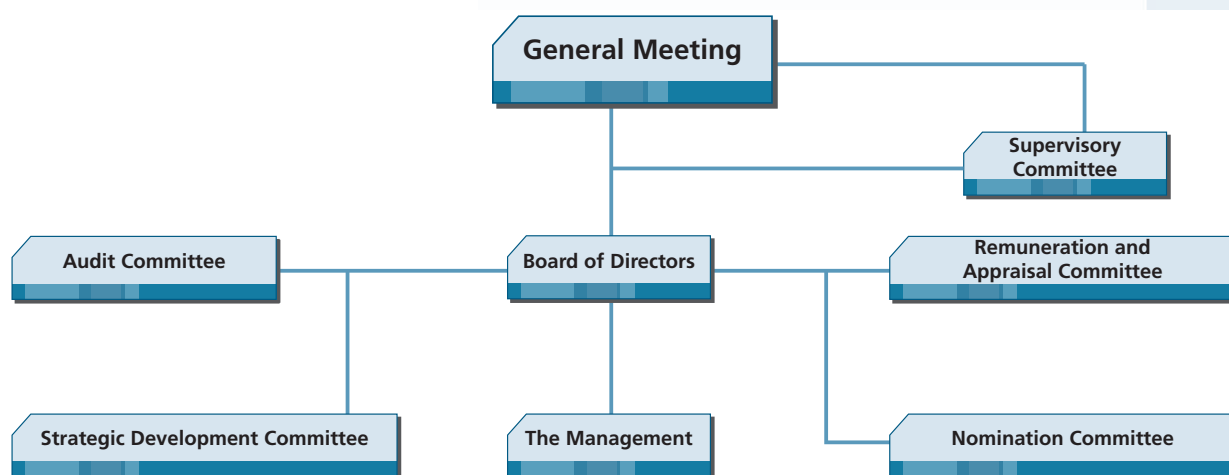
28 March 2014

CORPORATE GOVERNANCE REPORT

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 2013 (the "Year").

The Company has adopted and applied sound corporate governance principles that emphasise a quality Board, effective internal controls, stringent disclosure practices and transparency and accountability. It is, in addition, committed to continuously improving these practices and inculcating an ethical corporate culture. The Company is committed to maintaining a good framework of corporate governance and to complying with applicable statutory and regulatory requirements with a view to assuring the conduct of the management of the Company as well as protecting the interests of all shareholders. The Board mainly assumes responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company.

Set out below is the corporate governance structure of the Company:



CORPORATE GOVERNANCE REPORT (Continued)

GOVERNANCE STRUCTURE

(a) CORPORATE GOVERNANCE CODE

The Board is of the view that the Company has, save as disclosed otherwise, for the Year, applied the principles and complied with the applicable code provisions, and also complied with certain recommended best practices, of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules. The Group’s corporate governance principles emphasize the importance of a quality Board, effective internal controls and accountability to shareholders.

The Company will, from time to time, review and enhance its corporate governance practices to ensure that these practices continue to meet the requirements of the CG Code.

(b) COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as the guidelines for the Directors’ dealing in the securities of the Company. Upon specific enquiries of all the Directors and Supervisors, each of them confirmed that they have complied with the required standards set out in the Model Code during the Year in relation to their securities dealings, if any.

(c) THE BOARD OF DIRECTORS

The seventh session of the Board was elected at the second extraordinary general meeting held on 13 November 2012. The Board currently comprises a total of 9 members, with 6 executive directors and 3 independent non-executive directors.

Executive Directors

Mr. Zhang Xiaocheng (*Chairman*)

Mr. Ping Hao (*Vice Chairman*)

Mr. Cong Huisheng

Mr. Chen Ruowei

Mr. Du Xinhua

Mr. Fan Xu

Independent Non-executive Directors

Mr. Choy Sze Chung, Jojo

Mr. Wu Zhengde (resigned on 16 May 2013)

Mr. Li Yuanpeng

Mr. Xiao Xiaozhou (appointed on 31 July 2013)

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

Each of the existing Directors appointed or re-elected on 13 November 2012 has entered into a service contract with the Company, with a term of three years, commencing from 13 November 2012 to the date when a new session of Board is elected at an extraordinary general meeting to be held in 2015. Mr. Xiao Xiaozhou has also entered into a service contract with the Company, with a term commencing from 31 July 2013 to the date when a new session of the Board is elected at an extraordinary general meeting to be held in 2015. Members of the Board come from different backgrounds and they have extensive experience in different sectors including information technology, securities and finance, wire and cable industry, corporate management, financing accounting, project management and capital operation, etc. Save as otherwise disclosed, members of the Board are unrelated to one another. The Board of Directors of the Company are able to fulfil the requirements set out in rules 3.10(1) and (2) of the Listing Rules. The list and biographies of the Directors are set out on pages 13 to 16 of this annual report.

Directors are elected in or replaced by way of the 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.

CORPORATE GOVERNANCE REPORT (Continued)

The main responsibilities of the Board include overseeing all major matters of the Company, such as the formulation and approval of all policy matters and overall strategies, internal control and risk management and supervision of managerial staff, senior executives and employees. Its main duties are to exercise management decisions with the authority delegated by the general meetings in respect of the Company strategic development and planning, business planning, management structure, investment and financing, human resources and manpower and financial control. The Board is also responsible for developing and reviewing the Company's policies and practices on compliance with legal and regulatory requirements, developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors. The Directors have to make decisions that are of the best interests of the Company and the Shareholders and all substantial transactions or transactions of the Company with conflicts of interests are to be decided by the Board. Set out below are the corporate governance functions carried out by the Board:

- (a) to determine the policy of the corporate governance;
- (b) to develop and review the Company's policies and practices on corporate governance and make recommendations;
- (c) to review and monitor the training and continuous professional development of director and senior management;
- (d) to review and monitor company's policies and practices on compliance with legal and regulatory requirements;
- (e) to develop, review and monitor the code of conduct and compliance manual applicable to employees and directors; and
- (f) to review the company's compliance with code and disclosure in corporate governance report.

During the Year, eight meetings of the Board of the Company were held 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.

Set out below are the attendance of board meeting and Shareholders meeting of each Director:

Name of Directors	Board Meeting Attended/Eligible to Attend	2013 Annual General Meeting Attended	First Extraordinary General Meeting Attended
Executive Directors			
Mr. Zhang Xiaocheng (<i>Chairman</i>)	8/8	–	✓
Mr. Ping Hao (<i>Vice Chairman</i>)	8/8	✓	✓
Mr. Cong Huisheng	6/8	–	–
Mr. Chen Ruowei	8/8	–	–
Mr. Du Xinhua	8/8	–	–
Mr. Fan Xu	8/8	✓	✓
Independent Non-executive Directors			
Mr. Choy Sze Chung, Jojo	8/8	✓	–
Mr. Wu Zhengde [#]	3/8	–	–
Mr. Li Yuanpeng	8/8	✓	–
Mr. Xiao Xiaozhou [*]	3/8	–	–

* Mr. Xiao Xiaozhou was appointed as Independent Non-executive Director on 31 July 2013.

Mr. Wu Zhengde resigned as Independent Non-executive Director on 16 May 2013.

CORPORATE GOVERNANCE REPORT (Continued)

The Directors acknowledge their responsibility for preparing the financial statements of the Group in accordance with statutory requirements and applicable standards and to report on material uncertainties, if any, relating to events or conditions that may cast significance to doubt upon the Company's ability to continue as a going concern. The Directors are responsible for overseeing the preparation of financial statements of the Group with a view to ensuring that such financial statements give a true and fair view of the state of affairs of the Group that relevant statutory and regulatory requirements and applicable accounting standards are complied with. The Directors also acknowledge their responsibilities to ensure the financial statements of the Group are published in a timely manner. The Board has received from the senior management the management accounts and such accompanying explanation and information as are necessary to enable the Board to make an informed assessment for approving the financial statements.

The reporting responsibilities of the Company's external auditors on the financial statements of the Group are set out in the "Auditors' Report" in this annual report.

Liability insurance for Directors and senior management officers of the Company was maintained by the Company with coverage of any legal liabilities which may arise in the course of performing their duties.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has three Independent Non-executive Directors, which complies with the requirement of rules 3.10 (1), (2) and 3.10 (A) 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 6 January 2013, 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 under Rule 3.13 of the Listing Rules. The independent Non-Executive Directors of the Company play an important role in the Board by virtue of their independent judgment and their views carry significant weight in the Board's decision. They bring an impartial view on issues of the Company's strategies, performance and control. Our Independent Non-Executive Directors possess extensive academic, professional and industry experience and management experience and have provided their independent, constructive and professional advice to the Board. The backgrounds 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, either by attending in person or by way of electronic communication, was 100%.

BOARD MEETINGS

Meetings of the Board are held regularly and there was satisfactory attendance for board meetings, which evidences prompt attention of the directors to the affairs of the Company. Eight meetings of the Board of the Company were held in 2013 at about bimonthly intervals to approve, among other things, the financial results of the Company. Regular board meetings are scheduled in advance to give the directors an opportunity to attend. All directors are invited to include matters in the agenda for regular board meetings and Directors can attend board meetings either in person or by electronic means of communication.

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 for 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 to enable them reviewing 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 discussions 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.

CORPORATE GOVERNANCE REPORT (Continued)

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 from time to time 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 engage 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. Ping Hao. The role of the Chairman is separate from that of the General Manager so as to delineate their respective areas of responsibility, power and authority. The Chairman focuses on the Group's strategic planning while the General Manager has overall executive responsibility for the Group's development and management. They receive significant support from the directors and the senior management team.

The Chairman has a clear responsibility to ensure that the whole Board receives, in a timely manner, adequate information which must be accurate, clear, complete and reliable. The Board, led by the Chairman, sets the overall directions, strategy and policies of the Company.

The Chairman provides leadership for the Board to ensure that it works effectively, performs its responsibilities and acts in the best interests of the Company. The Chairman is also responsible for overseeing effective functioning of the Board and application of good corporate governance practices and procedures.

The Chairman seeks to ensure that all directors are properly briefed on issues arising at board meetings. He also encourages the directors to make full and active contributions to the Board's affairs, to voice their concerns or different views and ensure that the decisions fairly reflect the consensus.

CORPORATE GOVERNANCE REPORT (Continued)

(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, Mr. Choy Sze Chung, Jojo and Mr. Li Yuanpeng, have a term of office for three years, commencing from 13 November 2012, while Mr. Xiao Xiaozhou has a term commencing from 31 July 2013 to the date when a new session of the Board is elected at an extraordinary general meeting to be held in 2015. Mr. Choy Sze Chung, Jojo, Mr. Li Yuanpeng and Mr. Xiao Xiaozhou, our independent non-executive Directors, strictly comply with the independence requirements of the Listing Rules. The three independent non-executive Directors assume membership in the audit committee, nomination committee, remuneration and appraisal committee, and strategic development committee under the Board.

(f) PROFESSIONAL TRAININGS TAKEN BY DIRECTORS

Directors keep abreast of the responsibilities as a director of the Company and of the conduct, business activities and development of the Company. All Directors are encouraged to participate in continuous professional development to further develop their knowledge and skills. The Company has arranged in-house trainings for Directors in the form of seminar and reading materials, journals and newsletters. All Directors are encouraged to attend relevant training courses at the Company's expenses. A summary of training received by Directors during the Year according to the records provided by the Directors is as follows:

Name of Directors	Type of Continuous Professional Development	
	Training on corporate governance, regulatory development and other relevant topics	Reading newspaper, journals, newsletters and updates related to Director's duties and responsibilities
Executive Directors		
Mr. Zhang Xiaocheng (<i>Chairman</i>)	✓	✓
Mr. Ping Hao (<i>Vice Chairman</i>)	✓	✓
Mr. Cong Huisheng	✓	✓
Mr. Chen Ruowei	✓	✓
Mr. Du Xinhua	✓	✓
Mr. Fan Xu	✓	✓
Independent Non-executive Directors		
Mr. Choy Sze Chung, Jojo	✓	✓
Mr. Wu Zhengde [#]	✓	✓
Mr. Li Yuanpeng	✓	✓
Mr. Xiao Xiaozhou [*]	✓	✓

[#] Mr. Wu Zhengde resigned as Independent Non-executive Director from 16 May 2013 onward.

^{*} Mr. Xiao Xiaozhou was appointed as an Independent Non-executive Director from 31 July 2013.

CORPORATE GOVERNANCE REPORT (Continued)

(g) 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 Li Yuanpeng and Mr. Xiao Xiaozhou and two executive Directors, Mr. Cong Huisheng and Mr. Du Xinhua. The committee is chaired by Mr. Choy Sze Chung, Jojo.

The Remuneration and Appraisal Committee has adopted the operation model where it performs to make recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

The purpose of the committee is to make recommendations to the Board on the remuneration policy and structure for all directors and senior management of the Group and the remuneration of all directors of each member of the Group. The committee is responsible for making recommendations to the Board on the establishment of a formal and transparent procedure for developing remuneration policy on all directors and senior management and for determining remuneration packages of individual executive directors and senior management. It also assesses the performance of executive directors and approves the terms of executive directors service contracts. It also makes recommendations to the Board on the remuneration of non-executive directors (including independent non-executive directors), to supervise the execution of the remuneration system, to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent to agreement terms; and if compensation payable could not be consistent with agreement terms, it should be fair and not excessive. The committee consults the chairman and/or the general manager about their remuneration proposals for other executive directors.

The Group's remuneration policy seeks to provide fair and reasonable market remuneration in a form and value to attract, retain and motivate high quality staff. Remuneration packages are set at levels to ensure comparability and competitiveness with other companies in the industry and market competing for a similar talent pool. Emoluments are also based on an individual's knowledge, skill, time commitment, responsibilities and performance and by reference to the Group's profits and performance.

The 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, 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 duties they undertake in the Company.

One meeting was held in the Year. During the Year, the committee approved the remuneration of the Directors of the seventh session of the Board.

Details of the remuneration of Directors for the year ended 31 December 2013 are set out on pages 117 and 118. 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.

CORPORATE GOVERNANCE REPORT (Continued)

(h) NOMINATION COMMITTEE

The Board set up a nomination committee currently comprising five members, including three independent non-executive Directors, Mr. Choy Sze Chung, Jojo, Mr. Li Yuanpeng and Mr. Xiao Xiaozhou and two executive Directors, Mr. Chen Ruwei and Mr. Fan Xu. The committee is chaired by Mr. Li Yuanpeng. The nomination committee holds meetings in due course every year.

The purpose of the committee is to determine the policy for the nomination of directors performed by the nomination committee. It is to lead the process for Board appointments and for identifying and nominating for the approval of the Board candidates for appointment to the Board. The committee is responsible for reviewing the structure, size, composition and diversity (including but not limited to gender, ages, cultural and education backgrounds, occupations, experience, skills, knowledge and length of service) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships. The committee supervises the implementation of Board Diversity Policy, reviews such policy at least once a year to ensure its effectiveness, and advise the Board of Directors on any proposed revision of the policy. The committee carries out extensive search for qualified candidates for Directors and managers and it is also responsible for assessing the independence of independent non-executive directors and making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the vice chairman and the chief executive officer of the Company. The committee consults the chairman of the Board about his proposals relating to the process for Board appointments and for identifying and nominating candidates as members of the Board.

The criteria for the committee to select and recommend a candidate for directorship include the candidate's skills, knowledge, experience and integrity and whether he/she can demonstrate a standard of competence commensurate with his/her position as a director of the Company.

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>). During the Year, the nomination committee had convened two meetings. During the year, the committee resolved to appoint the candidates for the independent non-executive Directors to fill up the vacancies. Specific details of attendance of the meeting are set out on page 30 of this section.

(i) 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. Li Yuanpeng and Mr. Xiao Xiaozhou, and is chaired by Mr. Choy Sze Chung, Jojo.

Members of the audit committee have a term of three years. Terms of reference of the committee are 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 review feedback from the management to such reports.

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 two meetings. During the meetings, the Audit Committee reviewed the annual results and its corresponding accounts for the year 2013, the interim results and its corresponding accounts for the six months ended 30 June 2013, the Company's works on internal control and other works as required under the CG Code. Specific details of attendance of the meetings are set out on page 30 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 chairman submitted reports on the significant matters discussed to the Board.

CORPORATE GOVERNANCE REPORT (Continued)

(j) STRATEGIC DEVELOPMENT COMMITTEE

The strategic development committee currently comprises five members, including three independent non-executive Directors, Mr. Choy Sze Chung, Jojo, Mr. Li Yuanpeng and Mr. Xiao Xiaozhou and two executive Directors, Mr. Zhang Xiaocheng and Mr. Ping Hao. The committee is chaired by Mr. Zhang Xiaocheng.

The role and main duties of the strategic development committee include studying and advising on the Company's mid to long-term strategic development and planning; studying and advising 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; studying and advising on any other material events which have influence on the development of the Company; and checking the implementation of the above matters.

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, the strategic development committee did not convene a meeting.

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		Number of meetings during the Year	Attendance		Number of meetings during the Year	Attendance		Number of meetings during the Year	Attendance	
		in person	by way of electronic communication		in person	by way of electronic communication		in person	by way of electronic communication		in person	by way of electronic communication
Executive Directors												
Zhang Xiaocheng (Chairman)	8	2	6	–	–	–	–	–	–	–	–	–
Ping Hao (Vice Chairman)	8	2	6	–	–	–	–	–	–	–	–	–
Cong Huisheng	8	0	6	–	–	–	–	–	–	1	0	1
Chen Ruowei	8	2	6	–	–	–	2	0	2	–	–	–
Du Xinhua	8	2	6	–	–	–	–	–	–	1	0	1
Fan Xu	8	2	6	–	–	–	2	0	2	–	–	–
Independent Non-executive Directors												
Choy Sze Chung, Jojo	8	2	6	2	2	0	2	0	2	1	0	1
Wu Zhengde [#]	8	1	3	2	1	0	2	0	0	1	0	0
Li Yuanpeng	8	2	6	2	2	0	2	0	2	1	0	1
Xiao Xiaozhou [*]	8	1	3	2	1	0	2	0	0	1	0	0

[#] Mr. Wu Zhengde resigned as independent non-executive director on 16 May 2013.

^{*} Mr. Xiao Xiaozhou was appointed as independent non-executive director on 31 July 2013.

(k) AUDITOR'S REMUNERATION

The auditor engaged by the Company is nominated by the Board and is approved by Shareholders in the general meeting. Apart from carrying out the annual audit, the auditor of the Company also carried out the review on the interim reports of the Company and reviewed the financial information for the very substantial acquisition and connected transaction and proposed formation of joint venture company discussed in the first extraordinary general meeting of the Company. Its remuneration was determined by the Board as authorized by the general meeting. During the Year, the remuneration paid to the auditor for auditing services totaled RMB900,000, the remuneration for the provision of non-audit related services to the Company is RMB405,000.

The Company did not change its auditor within the past three years.

CORPORATE GOVERNANCE REPORT (Continued)

MONITORING MECHANISM

Supervisory Committee

The Supervisory Committee was established in accordance with the relevant PRC law. It independently performs its supervisory duty under the law to protect against 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.

The Supervisory Committee comprised three supervisors, including one supervisor acting as staff representative and two Shareholder's representative supervisors.

On 13 November 2012, the 2012 second extraordinary general meeting was held to, among other matters, appoint Mr. Zheng Zhili and to re-elect Mr. Xiong Ting as the supervisors of the Company. The existing members of Supervisory Committee are Mr. Zheng Zhili (Chairman of Supervisory Committee), Mr. Xiong Ting and Ms. Dai Xiaoyi.

During the Year, the Supervisory Committee convened two meetings. 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.

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. For the year ended 31 December 2013, the Board has conducted a review of the effectiveness of the internal control system of the Group.

The internal control system includes a management framework with clearly defined duties for the purposes of assisting the Company in reaching various business targets and ensuring that assets of the Company will not be defalcated or disposed of; ensuring that the Company's accounting records provide reliable financial data for internal use or public disclosure; and 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 puts 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.

CORPORATE GOVERNANCE REPORT (Continued)

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 basis 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 review 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 operations 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.

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 regulations and disclosure provisions of the Listing Rules.

In preparing the financial statements of the Group for the year ended 31 December 2013, 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 38 of this annual report.

CORPORATE GOVERNANCE REPORT (Continued)

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.

COMPANY SECRETARY

The Company engages an external service provider company secretarial services and Ms. Kwong Yin Ping, Yvonne is appointed as the Company Secretary. The primary contact person in the Company for Ms. Kwong in relation to company secretarial matters is Mr. Ping Hao, Executive Director and Vice Chairman of the Company. The Company Secretary is responsible for advising the Board on governance matters. For the year under review, the Company Secretary has confirmed that she has taken no less than 15 hours of relevant professional training and has complied with the requirements in Rule 3.29. The biography of the Company Secretary is set out on page 17 of this annual report.

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 on 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. Results of polls will be published on the websites of the Stock Exchange and the Company in due course.

In 2013, the Company convened one annual general meeting and one extraordinary general meeting. Please refer to page 24 of this section for the Directors' attendance of these meetings.

Mr. Zhang Xiaocheng, the chairman of the board, has not attended the 2013 Annual General Meeting in person due to other commitment but Mr. Ping Hao has attended the meeting on behalf of Mr. Zhang Xiaocheng.

CONVENING OF EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS

Under the articles of association of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth (1/10) of the paid up capital of the Company which carries the right of voting at general meeting can require an extraordinary general meeting ("EGM") to be called by the Board for the transaction of any business specified in such requisition. The procedures for shareholders to convene and put forward proposals at an EGM are stated as follows:

- (1) Any one or more shareholders holding 10% or more of the shares which carries the right of voting at such proposed meeting may require the Board to convene an extraordinary general meeting or a class meeting of shareholders through signing one or copies of written request in the same format which contain the resolutions to be proposed at such meeting. The Board shall convene an extraordinary general meeting or a class meeting of shareholders as soon as possible after receiving such written request. The aforesaid number of shares held shall be based on the number of shares held on the date of written request.
- (2) Where the Board fails to issue a notice of meeting within 30 days after receiving the aforesaid written request, the shareholder(s) who made such request may convene a meeting within four months after the Board receiving such request, in the same manner, as nearly as possible, as that in which the general meetings are convened by the Board.

CORPORATE GOVERNANCE REPORT (Continued)

ENQUIRIES TO THE BOARD

Shareholders who intend to put forward their enquiries about the Company to the Board could email their enquiries to cdc@cdc.com.cn or send their enquiries to the following address:

No. 18, Xinhang Road,
The West Park of
Hi-tech Development Zone,
Chengdu,
Sichuan Province,
The PRC

CONTROLLING SHAREHOLDER

During the Year, China Potevio is the controlling Shareholder of the Company, which holds 60% of the total issued share 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 maintained independence of its controlling Shareholder in terms of staff, assets, finance, organisation and business.

INFORMATION DISCLOSURE AND INVESTOR RELATION MANAGEMENT

The Company endeavours to comply 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 2013, 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>).

On 29 August 2013, the 7th meeting of the seventh session of the Board was convened to approve the amendments to the Implementation Rules of Nomination Committee of the Board, which have been published at the website of the Company (<http://putian.wsfg.hk>) for Shareholders' inspection.

On 31 July 2013, the Company held an extraordinary general meeting to approve the amendments to the Articles of Association, details of which have been published at the website of the Company (<http://putian.wsfg.hk>) for Shareholders' inspection.

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 always 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.

REPORT OF THE SUPERVISORY COMMITTEE

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 2013, 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 2013, 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 was legitimate and all the resolutions passed at the general meetings were 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 and there was no abuse of rights, violation of law or regulations or Articles of Association and no 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 is of the opinion that the transformation of the Company has achieved satisfactory progress by establishing an integrated business chain of optical fibre and cable in 2013. Through reforming the organizations and human resources policies and refining various systems, the reorganisation of the Company has achieved various breakthroughs. The Company also formulated operation targets at different levels and conducted strict performance assessment in order to fulfil various tasks according to its financial budget. However, the efforts in market development for key products and new business development of different units of the Company did not match with the requirement of industry development, and the Company should place more attention and promote further improvement.

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.

5. OPINIONS ON MANAGEMENT IN AUDITOR'S REPORT

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

REPORT OF THE SUPERVISORY COMMITTEE (Continued)

6. LITIGATIONS

During the year 2013, the Company had no other material litigations.

The Supervisory Committee was of the opinion that during 2013, the Company strived to control its costs and reduce expenses according to the strategic planning and the operation deployment of China PUTIAN Corporation, and it has achieved satisfactory results. However, there were still certain issues which required improvement and enhancement. In addition, the Board was suggested to strengthen the corporate internal control management to prevent various risks. It shall also exchange opinions with independent directors on a regular basis to enhance communication with operation management and closely monitor the operation and management of the Company so as to make prompt suggestions and proposals. Furthermore, the operation management was suggested to enhance the strategic planning for the development of the Company and capitalize on comprehensive budget management for maximizing profitability and ensuring the sustainable and healthy development of the Company.

In the year 2014, the Supervisory Committee will continue to exercise its function in supervising the decision-making, finance, Directors and senior management of the Company, optimize its deployment, implement specific surveillance tasks 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 improve the operating efficiency of the Company for the protection of the interest of all Shareholders.

Zheng Zhili
Chairman of the Supervisory Committee

28 March 2014

大信會計師事務所有限公司

15th Floor, College of Beijing Nation Mansion
No.1 Zhichun Road
Haidian
Beijing

北京
海淀區
知春路1號
學院國際大廈15層

Daxin Shen Zi [2014] No.2-00128

To the shareholders of Chengdu PUTIAN Telecommunications Cable Company Limited:

We have audited the accompanying financial statements of Chengdu PUTIAN Telecommunications Cable Co., Ltd. (the "Company") which comprise the consolidated and the Company's balance sheets as at 31 December 2013, and the consolidated and the Company's income statements, the consolidated and the Company's cash flow statements and the consolidated and the Company's statements of changes in owners' equities for the year then ended and the notes to these financial statements.

1. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

It is the management's responsibility to prepare and fairly present these financial statements. This responsibility includes: (1) preparing and fairly presenting these financial statements in accordance with Accounting Standards for Business Enterprises; (2) designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

2. AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the China Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The selection of the audit procedures is based on the judgement of the auditors, including the assessment of the risks of material misstatement of the financial statements, whether due to frauds or errors. In making those assessments, the auditor considers internal controls relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of financial statement.

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

3. AUDIT OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and Company's financial position as of 31 December 2013, and of their financial performance and their cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises.

DaXin Certified Public Accountants Co., Ltd

Chinese Certified Public Accountant:

Chinese Certified Public Accountant:

Beijing • China
28 March 2014

CONSOLIDATED BALANCE SHEET

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED 31 December 2013

Monetary unit: RMB YUAN

Item	Note	End of year	Beginning of year
Current assets:			
Cash and bank balances	V.1	379,793,686.19	219,904,310.13
Reserved deposits			
Loans to other banks			
Transactional financial assets			
Bills receivable	V.2	85,549,034.50	51,453,086.64
Accounts receivable	V.3	272,577,132.00	100,375,592.35
Prepayments	V.4	26,685,368.50	3,552,218.93
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance accounts receivable reserve			
Interest receivable			
Dividends receivable			
Other receivables	V.5	95,306,038.33	27,305,810.79
Financial assets acquired for resale			
Inventories	V.6	253,920,679.23	209,386,655.70
Non-current assets due within one year			
Other current assets	V.7	50,094,764.09	153,945.60
Total current assets		1,163,926,702.84	612,131,620.14

CONSOLIDATED BALANCE SHEET (Continued)

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED 31 December 2013

Monetary unit: RMB YUAN

Item	Note	End of year	Beginning of year
Non-current assets:			
Loans to others and advances			
Available-for-sale financial assets	V.8	12,670,320.00	13,463,424.00
Held-to-maturity investment			
Long-term accounts receivable			
Long-term equity investments	V.10	5,394,593.42	232,584,011.22
Investment property	V.11	7,047,402.35	3,218,586.22
Fixed assets	V.12	573,592,459.75	386,065,150.35
Construction in progress	V.13	26,713,325.99	11,523,787.59
Construction material		869,295.66	
Disposal of fixed assets		146,343.16	
Productive Biological Assets			
Oil and gas assets			
Intangible assets	V.14	119,444,182.80	37,612,043.22
Development cost			
Goodwill	V.15	21,985,780.47	
Long term prepaid expenses			
Deferred tax assets	V.16	24,462,559.83	18,273,494.72
Other non-current assets			
Total non-current assets		792,326,263.43	702,740,497.32
Total assets		1,956,252,966.27	1,314,872,117.46

CONSOLIDATED BALANCE SHEET (Continued)

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED 31 December 2013

Monetary unit: RMB YUAN

Item	Note	End of year	Beginning of year
Current liabilities:			
Short term loans	V.19	225,000,000.00	11,000,000.00
Borrowings from central bank			
Deposits taking and inter-bank deposits			
Loans from others			
Transactional financial liabilities			
Bills payable			
Accounts payable	V.20	162,713,039.47	66,971,873.01
Receipt in advance	V.21	6,048,878.76	7,233,688.39
Proceeds from sales of repurchased assets			
Charges and commission payable			
Staff remuneration payables	V.22	23,552,785.71	19,601,726.69
Tax payable	V.23	(15,942,198.79)	(19,360,945.98)
Interest payable			
Dividend payable			
Other payables	V.24	56,785,561.02	44,490,589.46
Premium payable for reinsurance			
Provision for insurance contracts			
Amount payable to securities broker			
Amount payable to securities underwriter			
Non-current liabilities			
due within one year			
Other current liabilities			
Total current liabilities		458,158,066.17	129,936,931.57

CONSOLIDATED BALANCE SHEET (Continued)

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED 31 December 2013

Monetary unit: RMB YUAN

Item	Note	End of year	Beginning of year
Non-current liabilities:			
Long term loans	V.25	9,090,296.75	8,980,918.20
Bonds payable			
Long-term payables			
Designate accounts payable		302,000.00	
Provision			
Deferred tax liabilities	V.16	12,436,849.48	1,610,313.60
Other non-current liabilities	V.26	81,815,443.08	83,835,323.48
Total non-current liabilities		103,644,589.31	94,426,555.28
Total liabilities		561,802,655.48	224,363,486.85
Equity:			
Share capital	V.27	400,000,000.00	400,000,000.00
Capital reserve	V.28	659,631,115.92	660,378,754.32
Less: treasury shares			
Special reserve			
Surplus reserve	V.29	8,726,923.61	8,726,923.61
General risk reserve			
Retained earnings	V.30	(65,938,245.27)	(65,411,028.78)
Translation reserve			
Total equity attributable to the equity holders of parent company		1,002,419,794.26	1,003,694,649.15
Minority interest		392,030,516.53	86,813,981.46
Total equity		1,394,450,310.79	1,090,508,630.61
Total liabilities and equity		1,956,252,966.27	1,314,872,117.46

CONSOLIDATED INCOME STATEMENT

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED For the year 2013

Monetary unit: RMB YUAN

Item	Note	Current year	Prior year
I. Total operating income		915,481,305.70	498,057,297.73
Including: Operating income	V.31	915,481,305.70	498,057,297.73
Interest income			
Insurance premiums earned			
Charges and commissions income			
II. Total operating costs		1,020,371,161.41	576,603,273.08
Including: Operating costs	V.31	823,306,611.89	465,464,981.96
Interest expense			
Charges and commission charges			
Refund of insurance premiums			
Net payments for insurance claims			
Net provision for insurance contracts			
Commissions on insurance policies			
Cession charges			
Business taxes and surcharges	V.32	4,456,645.73	2,675,452.92
Selling expenses	V.33	45,330,307.89	32,613,638.73
Administration expenses	V.34	111,113,769.47	81,212,625.13
Finance costs	V.35	(106,714.10)	(4,765,164.61)
Assets impairment loss	V.37	36,270,540.53	(598,261.05)
Add:			
Gains/(losses) on changes in fair value			
Gain/(losses) on investment	V.36	105,623,960.58	(7,957,199.23)
Including: Gains on investment of associates and jointly controlled entities			
Exchange gains (losses)	V.9	104,843,257.02	(16,957,923.46)
III. Operating profit/(loss)		734,104.87	(86,503,174.58)
Add: Non-operating income	V.38	6,818,383.39	4,913,743.27
Less: Non-operating expenses	V.39	348,551.29	1,598,913.27
Including: Loss on disposal of non-current assets		197,339.68	(118,326.67)
IV. Total profit/(loss)		7,203,936.97	(83,188,344.58)
Less: Income tax expenses	V.37	(169,255.60)	5,351,822.79

CONSOLIDATED INCOME STATEMENT (Continued)

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED For the year 2013

Monetary unit: RMB YUAN

Item	Note	Current year	Prior year
V. Net profit(loss)		7,373,192.57	(88,540,167.37)
Including: Net profit attributable to parent company's shareholders		(527,216.49)	(97,714,018.36)
Minority interests		7,900,409.06	9,173,850.99
VI. Earnings per share:			
(i) Basic earning per share (RMB/share)	V.41	0.00	(0.24)
(ii) Diluted earning per share (RMB/share)	V.41	(0.27)	(0.25)
VII. Other comprehensive income	V.42	(747,638.40)	(559,041.60)
Items to be reclassified to profit or loss in subsequent accounting periods subject to certain conditions		(747,638.40)	(674,138.40)
Items not subject to reclassification to profit or loss in subsequent accounting periods			
VIII. Total comprehensive income		6,625,554.17	(89,099,208.97)
Including: Total comprehensive income attributable to parent company's shareholders		(1,274,854.89)	(98,273,059.96)
Total comprehensive income attributable to minority interests		7,900,409.06	9,173,850.99

CONSOLIDATED CASH FLOW STATEMENT

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED For the year 2013

Monetary unit: RMB YUAN

Item	Note	Current year	Prior year
I. Cash flow from operating activities:			
Cash receives from sale of goods or rendering of services		982,284,366.09	507,277,798.38
Net increase in interbank deposit and customer deposit			
Net increase in borrowing from the central bank			
Net increase in loans from other financial institutions			
Net premium received for insurance contracts			
Net premium received for reinsurance contracts			
Net increase in reserve fund and investment			
Net increase in disposal of transactional financial assets			
Interest, charges and commission received			
Net increase in loans from other banks			
Net increase in repurchase fund			
Tax refund		100,856.63	
Other cash receives from activities related to operation	V.43	14,229,225.66	78,372,825.92
Sub-total of cash inflow from operating activities		996,614,448.38	585,650,624.30
Cash paid to purchase goods or receiving services		815,693,603.97	363,068,492.52
Net increase in loans and advances to customers			
Net increase in deposits with central bank and inter-bank			
Compensation paid for insurance contract			
Interest, handling charges and commission paid			
Bonus payment for insurance contract			
Cash paid to and on behalf of employees		116,027,343.35	69,650,201.72
Cash paid for all types of taxes		39,998,523.37	23,179,346.25
Other cash paid for activities related to operation	V.43	140,211,776.64	109,147,265.35
Sub-total of cash outflow from operating activities		1,111,931,247.33	565,045,305.84
Net cash flow from operating activities		(115,316,798.95)	20,605,318.46

CONSOLIDATED CASH FLOW STATEMENT (Continued)

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED For the year 2013

Monetary unit: RMB YUAN

Item	Note	Current year	Prior year
II. Cash flow from investment activities:			
Cash received from investments		286,371,000.00	
Cash received from return of investment		780,703.56	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		454,003.00	3,361,828.45
Net cash received from disposal of subsidiaries and other business units			18,200,000.00
Other cash received from activities related to investment	V.43	109,367,665.89	
Sub-total of cash inflow from investment activities		396,973,372.45	21,561,828.45
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		121,601,015.23	19,598,244.25
Cash paid for investment			45,000,000.00
Net increase in secured loans			
Net cash paid for acquisition of subsidiaries and other business units			
Other cash paid for activities related to investment	V.43	50,000,000.00	
Sub-total of cash outflow from investment activities		171,601,015.23	64,598,244.25
Net cash flow from investment activities		225,372,357.22	(43,036,415.80)
III. Cash flow from financing activities:			
Cash received from investment Including: Cash received from subsidiary company absorbing minority's investment		231,000,000.00	11,000,000.00
Proceeds from loans			
Cash received from bonds issued			
Other cash received from activities related to financing			
Sub-total of cash inflow from financing activities		231,000,000.00	11,000,000.00
Repayment of loans		167,000,000.00	5,000,000.00
Cash paid for dividends, profit, or interest payments Including: Dividend and profits paid to minority shareholders of the subsidiaries		14,972,851.92	5,933,014.79
Other cash paid for activities related to financing			4,000,000.00
Sub-total of cash outflow from financing activities		181,972,851.92	10,933,014.79
Net cash flow from financing activities		49,027,148.08	66,985.21
IV. Effect of foreign exchange rate changes on cash and cash equivalents		806,669.71	(16,350.38)
V. Net increase in cash and cash equivalents		159,889,376.06	(22,380,462.51)
Add: beginning balance of cash and cash equivalents		219,904,310.13	242,284,772.64
VI. Ending balance of cash and cash equivalents		379,793,686.19	219,904,310.13

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED For the year 2013

Monetary unit: RMB YUAN

Item	Current year										
	Equity attributable to owners of parent company									Minority interest	Total equity of owners
	Share capital	Capital reserve	Less: treasury shares	Special reserve	Surplus reserve	General risk provision	Retained earnings	Others	Sub-total		
I. Balance at the end of last year	400,000,000.00	660,378,754.32			8,726,923.61		(65,411,028.78)		1,003,694,649.15	86,813,981.46	1,090,508,630.61
Add: changes of accounting policy											
Prior period errors correction											
Others											
II. Balance at the beginning of the year	400,000,000.00	660,378,754.32			8,726,923.61		(65,411,028.78)		1,003,694,649.15	86,813,981.46	1,090,508,630.61
III. Increase (decrease)		(747,638.40)					(527,216.49)		(1,274,854.89)	305,216,535.07	303,941,680.18
(i) Net profit							(527,216.49)		(527,216.49)	7,900,409.06	7,373,192.57
(ii) Other comprehensive profit		(747,638.40)							(747,638.40)		(747,638.40)
the sum of (i) and (ii)		(747,638.40)					(527,216.49)		(1,274,854.89)	7,900,409.06	6,625,554.17
(iii) Shareholders increase or decrease capital										303,316,126.01	303,316,126.01
1. capital invested by owners (paid-up capital of Fasten)											
2. share-based payment recorded into shareholders' equity											
3. others (additional equity interest of Fasten)										303,316,126.01	303,316,126.01
(iv) Distribution of profit										(6,000,000.00)	(6,000,000.00)
1. appropriation to surplus reserves											
2. appropriation to general risk provision											
3. distribution to all owners (or shareholders)										(6,000,000.00)	(6,000,000.00)
4. others											
(v) Transfer within owners' equity											
1. transferred from capital surplus											
2. transferred from surplus reserve											
3. surplus reserve marked up losses											
4. others											
(vi) Special reserves											
1. appropriation this year											
2. use in this year											
IV. Balance at the end of the year	400,000,000.00	659,631,115.92			8,726,923.61		(65,938,245.27)		1,002,419,794.26	392,030,516.53	1,394,450,310.79

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED For the year 2013

Monetary unit: RMB YUAN

Item	Prior year										Total shareholder's equity
	Equity attributable to owners of parent company									Minority interest	
	Share capital	Capital reserve	Less: treasury shares	Special reserve	Surplus reserve	General risk provision	Retained earnings	Others	Sub-total		
I. Balance at the end of last year	400,000,000.00	659,009,711.28			8,726,923.61		32,302,989.58		1,100,039,624.47	81,640,130.47	1,181,679,754.94
Add: Changes of accounting policy											
Prior period errors correction											
Others											
II. Balance at the beginning of the year	400,000,000.00	659,009,711.28			8,726,923.61		32,302,989.58		1,100,039,624.47	81,640,130.47	1,181,679,754.94
III. Current increase (decrease)		1,369,043.04					(97,714,018.36)		(96,344,975.32)	5,173,850.99	(91,171,124.33)
(i) Net profit							(97,714,018.36)		(97,714,018.36)	9,173,850.99	(88,540,167.37)
(ii) Other comprehensive profit		(559,041.60)							(559,041.60)		(559,041.60)
the sum of (i) and (ii)		(559,041.60)							(98,273,059.96)	9,173,850.99	(89,099,208.97)
(iii) Shareholders increase or decrease capital											
1. capital invested by owners											
2. share-based payment recorded into shareholders' equity											
3. others											
(iv) Retained earnings		1,928,084.64							1,928,084.64	(4,000,000.00)	(2,071,915.36)
1. appropriation to surplus reserves											
2. appropriation to general risk provision											
3. distribution to all owners										(4,000,000.00)	(4,000,000.00)
4. others		1,928,084.64							1,928,084.64		1,928,084.64
(v) Transfer within owners' equity											
1. transferred from capital surplus											
2. transferred from surplus reserve											
3. surplus reserve marked up losses											
4. others											
(vi) Special reserves											
1. appropriation this year											
2. use of this year											
IV. Balance at the ending of the year	400,000,000.00	660,378,754.32			8,726,923.61		(65,411,028.78)		1,003,694,649.15	86,813,981.46	1,090,508,630.61

BALANCE SHEET OF THE PARENT COMPANY

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED 31 December 2013

Monetary unit: RMB YUAN

Item	Note	End of year	Beginning of year
Current assets:			
Cash and bank balances		189,050,836.48	82,622,759.69
Transactional financial assets			
Bills receivable		44,252,512.98	30,902,225.40
Accounts receivable	X.1	30,129,865.75	40,420,720.94
Prepayments		1,136,200.96	1,238,981.99
Interest receivable			
Dividend receivable			
Other receivables	X.2	44,506,345.54	49,130,856.05
Inventories		61,002,870.96	105,414,907.36
Current Portion of non-current assets due within one year			
Other current assets			153,945.60
Total current assets		370,078,632.67	309,884,397.03
Non-current assets:			
Available-for-sale financial assets		12,670,320.00	13,463,424.00
Held-to-maturity investments			
Long-term accounts receivable			
Long-term equity investment	X.3	388,535,563.23	390,724,981.03
Investment property		28,937,134.66	25,292,012.98
Fixed assets		199,102,686.85	228,942,968.76
Construction in progress		688,575.86	5,051,295.23
Construction material			
Disposal of fixed assets			
Productive Biological Assets			
Oil and gas			
Intangible assets		36,441,896.00	37,522,812.44
Development cost			
Goodwill			
Long-term prepaid expense			
Deferred income tax assets		20,597,256.04	16,470,347.35
Other non-current assets			
Total non-current assets		686,973,432.64	717,467,841.79
Total assets		1,057,052,065.31	1,027,352,238.82

BALANCE SHEET OF THE PARENT COMPANY (Continued)

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED 31 December 2013

Monetary unit: RMB YUAN

Item	Note	End of year	Beginning of year
Current liabilities:			
Short-term loan			
Transactional financial liabilities			
Bills payable			
Accounts payable		32,461,436.03	21,042,531.41
Receipt in advance		1,923,971.69	4,449,331.51
Staff remuneration payable		10,515,939.06	8,115,811.76
Tax payable		(19,050,564.17)	(23,421,596.66)
Interest payable			
Dividend payable			
Other payables		46,035,183.30	36,847,581.62
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		71,885,965.91	47,033,659.64
Non-current liabilities:			
Long term loans		9,090,296.75	8,980,918.20
Bonds payable			
Long-term accounts payable			
Designated accounts payable			
Estimated liabilities			
Deferred income tax liabilities		1,491,348.00	1,610,313.60
Other non-current liabilities			
Total non-current liabilities		10,581,644.75	10,591,231.80
Total liabilities		82,467,610.66	57,624,891.44
Equity:			
Paid-up capital of share capital		400,000,000.00	400,000,000.00
Capital reserve		656,580,516.28	657,328,154.68
Less: treasury shares			
Special reserve			
Surplus reserve		8,726,923.61	8,726,923.61
General risk reserve			
Retained earnings		(90,722,985.24)	(96,327,730.91)
Total equity		974,584,454.65	969,727,347.38
Total liabilities and equity		1,057,052,065.31	1,027,352,238.82

INCOME STATEMENT OF THE PARENT COMPANY

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED For the year 2013

Monetary unit: RMB YUAN

Item	Note	Current year	Prior year
I. Operating incomes	X.4	182,946,563.19	160,125,418.28
Less: Operating costs	X.4	204,879,032.47	197,353,543.66
Business taxes and surcharges		1,339,325.66	1,077,621.10
Selling expenses		7,529,676.37	8,969,082.71
Administration expenses		52,562,594.88	50,081,823.89
Finance costs		(2,121,632.40)	(3,449,606.90)
Assets impairment loss		33,075,693.72	773,878.71
Add: Changing income of fair value			
Gain on investment	X.5	114,009,793.91	(13,301,733.84)
Including: Gain on investment of associates and jointly controlled entities		104,843,257.02	(16,957,923.46)
II. Operating profit		(308,333.60)	(107,982,658.73)
Add: Non-operating income		1,983,510.26	235,254.33
Less: Non-operating expenses		197,339.68	1,476,597.75
Including: Net loss on disposal of non-current assets		197,339.68	51,691.15
III. Total profit		1,477,836.98	(109,224,002.15)
Less: Income tax expenses		(4,126,908.69)	(108,107.20)
IV. Net profit		5,604,745.67	(109,115,894.95)
V. Earnings per share			
(I) Basic earning per share (RMB/share)			
(II) Diluted earning per share (RMB/share)			
VI. Other comprehensive income			
Items to be reclassified to profit or loss in subsequent accounting periods subject to certain conditions		(747,638.40)	(559,041.60)
Items not subject to reclassification to profit or loss in subsequent accounting periods		(747,638.40)	(674,138.40)
VII. Total comprehensive income		4,857,107.27	(109,674,936.55)

CASH FLOW STATEMENT OF THE PARENT COMPANY

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED For the year 2013

Monetary unit: RMB YUAN

Item	Note	Current year	Prior year
I. Cash flow from operating activities:			
Cash receives from sale of goods or rendering of services		205,058,238.90	118,394,506.93
Tax refund			
Other cash received from activities related to operation		2,772,771.74	70,446,630.27
Sub-total of cash inflow from operating activities		207,831,010.64	188,841,137.20
Cash paid to purchasing goods or receiving services		134,054,637.33	90,963,025.22
Cash paid to and on behalf of employees		38,961,176.49	38,165,120.03
Cash paid for all types of taxes		5,007,267.23	4,215,967.55
Other cash paid for activities related to operation		40,431,475.55	75,526,274.60
Sub-total of cash outflow from operating activities		218,454,556.60	208,870,387.40
Net cash flow from operating activities		(10,623,545.96)	(20,029,250.20)
II. Cash flow from investment activities:			
Cash received from investments		286,371,000.00	
Cash received from return of investment		9,166,536.89	6,000,000.00
Net cash received from return of fixed assets, intangible assets and other long-term assets			9,313.45
Net cash received from disposal of subsidiaries and other business units			18,200,000.00
Other cash received from activities related to investment		14,000,000.00	
Sub-total of cash inflow from investment activities		309,537,536.89	24,209,313.45
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		141,011.97	3,159,691.75
Cash paid for investment			45,000,000.00
Acquisition of net cash from subsidiaries and other business units		180,000,000.00	
Other cash paid for activities related to investment		12,000,000.00	
Sub-total of cash outflow from investment activities		192,141,011.97	48,159,691.75
Net cash flow from investment activities		117,396,524.92	(23,950,378.30)

CASH FLOW STATEMENT OF THE PARENT COMPANY (Continued)

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED For the year 2013

Monetary unit: RMB YUAN

Item	Note	Current year	Prior year
III. Cash flow from financing activities:			
Cash received from investment			
Cash from loans			
Other cash received from activities related to financing			
Sub-total of cash inflow from financing activities			
Cash paid for repayment of loans			
Cash paid for dividends, profit, or interest payments		195,868.48	134,902.27
Other cash paid relating to financing activities			
Sub-total of cash outflow from financing activities		195,868.48	134,902.27
Net cash flow from financing activities		(195,868.48)	(134,902.27)
IV. Influence of foreign exchange rate changes on cash and cash equivalents		(149,033.69)	
V. Net increase in cash and cash equivalents		106,428,076.79	(44,114,530.77)
Add: beginning balance of cash and cash equivalents		82,622,759.69	126,737,290.46
VI. Ending balance of cash and cash equivalents		189,050,836.48	82,622,759.69

STATEMENT OF CHANGES IN EQUITY OF THE PARENT COMPANY

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED For the year 2013

Monetary unit: RMB YUAN

Item	Current year							Total shareholder's equity
	Share capital	Capital reserve	Less: treasury shares	Special reserve	Surplus reserve	General risk provision	Retained earnings	
I. Balance at the end of last year	400,000,000.00	657,328,154.68			8,726,923.61		(96,327,730.91)	969,727,347.38
Add: changes of accounting policy								
Prior period errors correction								
Others								
II. Balance at the beginning of last year	400,000,000.00	657,328,154.68			8,726,923.61		(96,327,730.91)	969,727,347.38
III. Current increase(decrease)		(747,638.40)					5,604,745.67	4,857,107.27
(i) Net profit							5,604,745.67	5,604,745.67
(ii) Other comprehensive profit		(747,638.40)						(747,638.40)
the sum of (i) and (ii)		(747,638.40)					5,604,745.67	4,857,107.27
(iii) Shareholders increase or decrease capital								
1. capital invested by owners								
2. share-based payment recorded into shareholders' equity								
3. others								
(iv) Retained earnings								
1. appropriation to surplus reserves								
2. appropriation to general risk provision								
3. distribution to all owners								
4. others								
(v) Transfer within owners' equity								
1. transferred from capital surplus								
2. transferred from surplus reserve								
3. surplus reserve marked up losses								
4. others								
(vi) Special reserves								
1. appropriation this year								
2. use of this year								
IV. Balance at the ending of the year	400,000,000.00	656,580,516.28			8,726,923.61		(90,722,985.24)	974,584,454.65

STATEMENT OF CHANGES IN EQUITY OF THE PARENT COMPANY (Continued)

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED For the year 2013

Monetary unit: RMB YUAN

Item	Prior year							
	Share capital	Capital reserve	Less: treasury shares	Special reserve	Surplus reserve	General risk provision	Retained earnings	Total shareholder's equity
I. Balance at the end of last year	400,000,000.00	657,887,196.28			8,726,923.61		12,788,164.04	1,079,402,283.93
Add: changes of accounting policy								
Prior period errors correction								
Others								
II. Balance at the beginning of the year	400,000,000.00	657,887,196.28			8,726,923.61		12,788,164.04	1,079,402,283.93
III. Current increase (decrease)		(559,041.60)					(109,115,894.95)	(109,674,936.55)
(i) Net profit							(109,115,894.95)	(109,115,894.95)
(ii) Other comprehensive profit		(559,041.60)						(559,041.60)
the sum of (i) and (ii)		(559,041.60)					(109,115,894.95)	(109,674,936.55)
(iii) Shareholders increase or decrease capital								
1. capital invested by owners								
2. share-based payment recorded into shareholders' equity								
3. others								
(iv) Retained earnings								
1. appropriation to surplus reserves								
2. appropriation to general risk provision								
3. distribution to all owners								
4. others								
(v) Transfer within owners' equity								
1. transferred from capital surplus								
2. transferred from surplus reserve								
3. surplus reserve marked up losses								
4. others								
(vi) Special reserves								
1. appropriation this year								
2. use of this year								
IV. Balance at the ending of the year	400,000,000.00	657,328,154.68			8,726,923.61		(96,327,730.91)	969,727,347.38

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

I. BACKGROUND OF THE COMPANY

Chengdu PUTIAN Telecommunications Cable Company Limited (the "Company") was incorporated on 1 October 1994 after its restructuring from Chengdu Cable Plant of the Posts and Telecommunications Ministry of China (now known as "China PUTIAN Corporation"). Pursuant to the approvals granted by The State Council of the People's Republic of China (the "PRC") for issuance of shares in Hong Kong, the shares of the Company have been listed on the Stock Exchange of Hong Kong Limited since 13 December 1994 through the placing and public offer of H shares with stock code 1202. The original name at the time of listing was Chengdu Telecommunications Cable Company Limited and the Company obtained "Qihechuanrongzong business license No.1972" issued by Chengdu Administration Bureau of Industry and Commerce. The registered capital of the Company is RMB400,000,000 of which: China PUTIAN Corporation holds RMB240,000,000 representing 60% of the total shares; public shareholders hold RMB160,000,000 representing 40% of the total shares (H Shares).

The Company's corporate governance structure is set out as follows: shareholders general meeting, board of directors, supervisory committee, audit committee and the management. The organisational structure is set out as follows: general administrative department, finance department, audit department, human resources department, China Communist Party Committee, quality control department, production safety department, investment department, engineering department, cable technology department and laboratory testing centre. Currently, the Company has 4 subsidiaries, 1 jointly controlled entity and 1 associate.

Business license registration number:	510100400020197
Registered address:	No. 18, Xinhang Road, The West Park of Hi-Tech Development Zone, Chengdu, Sichuan Province, the PRC
Legal representative:	Zhang Xiaocheng
Scope of business:	electric wire and cable, fiber optic cable, cable special materials, irradiation processing, cable accessories, special equipment, equipment and different kinds of information industrial products (except categories restricted or prohibited by the State), devices and equipment technology research and development, product manufacturing, sales and service, and the import and export and wholesale, retail, commission agent (except by auction) of similar commodities as the above products; domestically purchased products (except specified goods) wholesale, retail, commission agent (except by auction), technical consulting and technical service.

On 10 November 2000, the Company changed its name to Chengdu PUTIAN Telecommunications Cable Company Limited.

On 21 January 2005, China PUTIAN Corporation and China Potevio Company Limited entered into a share transfer agreement. China PUTIAN Corporation agreed to transfer 60% of its equity in Chengdu PUTIAN Telecommunications Cable Company Limited to China Potevio Company Limited with no consideration. On 30 August 2005, a share transfer supplementary agreement was signed to redefine the terms and effective date of this share transfer. "Guozichanquan No.[2005] 287" was issued by the State Owned Assets Supervision and Administration Commission of The State Council on 10 March 2005 and "Shangzipi No.[2005] 2581" was issued by The Ministry of Commerce of the PRC on 7 November 2005 for the approval of this supplementary agreement. On 8 February 2006, the Company changed to new business license.

The immediate holding company of the Company is China Potevio Company Limited and the ultimate holding company is China PUTIAN Corporation.

II. PRINCIPAL ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND PRIOR YEAR ERRORS

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on the going concern basis and based on the actual transactions and items occurred, in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance. The financial statements have also early adopted the Accounting Standards for Business Enterprises and their amendments announced in year 2014 (Note II, 23) and have been prepared based on the following principal accounting policies and accounting estimates.

2. STATEMENT OF COMPLIANCE WITH ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements of the Company for the year ended 31 December 2013 were prepared under the requirements of Accounting Standards for Business Enterprises, and truly and completely reflect the Company's financial position as of 31 December 2013 and the operating results, cash flows and other relevant information for year 2013.

3. ACCOUNTING YEAR

Accounting year of the Company is the calendar year from 1 January to 31 December.

4. RECORDING CURRENCY

The Company's recording currency is Renminbi ("RMB").

5. BUSINESS COMBINATION

(1) Business combination involving enterprises under common control

For business combination involving enterprises under common control, assets and liabilities obtained by the combining party are measured at carrying amounts of the combined entity. The difference between the carrying amount of the net assets obtained and the carrying amount of the considerations paid (or total value of shares issued) for the combination is adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings. Any cost directly attributable to the combination should be recognized in profit or loss for the current period.

For business combination involving enterprises under common control achieved in stages, in the holding company's financial statements, the proportional interest in the book values of the combined entity is recognised as the initial investment costs for each stage of investment. The difference between the initial costs and book values of the original long term investment plus the consideration for step-up acquisition, is adjusted to capital reserve (share premium), any shortfall in capital reserve is adjusted to retained earnings. In the consolidated financial statements, the initial costs are recorded at the share of book values of the combined entity for the equity interest acquired prior to and at the date of combination. The difference between the initial cost and the book values of the original long term investment plus the consideration for step-up acquisition, is adjusted to capital reserve (share premium), any shortfall in capital reserve is adjusted to retained earnings.

(2) Business combination not involving enterprises under common control

For this kind of business combination, the acquisition cost is the fair value of assets paid, liabilities incurred or assumed and equity instruments issued, in exchange for the control of the acquiree. Any direct costs incurred for the business combination was recognised as expenses in the period incurred. For considerations that are contingent upon future events, it is recorded as acquisition costs if the occurrence of such events is probable and the amount could be reliably measured.

The identifiable assets, liabilities and contingent liabilities acquired or assumed, through business combination not involving enterprises under common control are recognized at fair values at the date of business combination. When the cost of a business combination exceeds the acquirer's interest in the fair value of the acquiree's net identifiable assets, the difference is recognized as goodwill. When the costs of a business combination are less than the acquirer's interest in the fair value of the acquiree's net identifiable assets, after reassessment, the difference is included in profit or loss in the current period.

II. PRINCIPAL ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND PRIOR YEAR ERRORS (CONTINUED)

5. BUSINESS COMBINATION (CONTINUED)

(2) Business combination not involving enterprises under common control (Continued)

For business combination not involving common control achieved in stages, in the parent company's financial statements, the sum of proportional interest in the book values of the acquiree and the considerations for step-up acquisition at the acquisition date is recorded as the initial cost of investments; for the attributable other comprehensive income prior to the date of step-up acquisition, it is transferred from other comprehensive income to investment income in the period when such investment is disposed of. In the consolidated financial statements, the equity prior of step-up acquisition is re-measured at fair value, the difference between the fair value and book value is recognized as investment income in current period; the attributable other comprehensive income prior to the acquisition date is transferred to investment income on the acquisition date; the fair value on step-up acquisition date of equity interest in the acquiree prior to the step-up acquisition and the considerations for the step-up acquisition are regarded as the total investment costs for the total equity interest held in the acquiree, the difference between the total investments cost and the share of the fair value of net-identifiable assets is recognized as goodwill or current period consolidated profit or loss as appropriate.

6. PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the financial statements of all the subsidiaries and special purposes entities.

The consolidated financial statements are prepared in accordance with "Accounting Standards for Business Enterprises No. 33 — Consolidated Financial Statements" and relevant regulations, and all significant intra-group transactions and balances are eliminated. Interests in subsidiaries that are not attributable to the Company's equity shareholders are presented separately as minority interest in the consolidated financial statements.

When preparing consolidated financial statements, adjustments are made if the subsidiaries' accounting policies and accounting period are different from the Company.

In preparing the consolidated financial statements, if the subsidiaries are acquired from business combination not involving enterprises under common control, the identified net assets of the subsidiaries are adjusted based on their fair values on the date of acquisition. If the subsidiaries are acquired under business combination involving enterprises under common control, the combination is deemed to have taken place at the beginning of the year and the assets, liabilities, retained earnings and cash flows of the subsidiaries are included in the consolidated financial statements from the beginning of the year.

7. ACCOUNTING FOR DISPOSAL OF SUBSIDIARIES ACHIEVED IN STAGES AND LOSING CONTROL

(1) Principles in determining whether disposal of subsidiaries in stages and losing control is "a series of transactions"

For disposal of equity interest in subsidiaries by stages, if the terms, conditions and the economic influence meet one or more of the followings conditions, the disposal is accounted for as a series of transactions.

- (i) The transactions are entered into at the same time or taking into consideration for the inter-relationship among the transactions;
- (ii) To achieve the business results, the transactions must be completed as a whole;
- (iii) The occurrence of a transaction is depending on the occurrence of another transaction;
- (iv) The individual transaction may not be economically sound, but economically sound if taking in to consideration of other transactions as a whole.

II. PRINCIPAL ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND PRIOR YEAR ERRORS (CONTINUED)

7. ACCOUNTING FOR DISPOSAL OF SUBSIDIARIES ACHIEVED IN STAGES AND LOSING CONTROL (CONTINUED)

(2) Accounting in the holding company's and consolidated financial statements for disposal of subsidiaries in stages and losing control which is not "a series of transactions"

For each transaction before losing control, the difference between the considerations for and the carrying amount of equity interest disposed of is recognized as investment income in the holding company's financial statements; the difference between the considerations for and the share of net asset value of the equity interest disposed of is recognized in capital reserve (share premium), any short fall in share premium is recognized in retained earnings, in accordance with "Caikuaibian [2009] No. 14 — Reply for Accounting Treatment regarding Partial Disposal of Investments in Subsidiaries without Losing Control" issued by the Ministry of Finance.

For transaction losing control, the disposal is accounted for in the holding company's financial statements in accordance with "Accounting Standards for Business Enterprises No. 2 — Long Term Equity Investment"; the book value of remaining equity interest is recognized as long term equity investment or other financial asset as appropriate. If the remaining equity interest could exercise joint control or significant influence, the historical cost accounting is change to equity accounting. In the consolidated financial statements, the remaining equity interest is re-measure at fair value on the date of losing control. The sum of disposal considerations and the fair value of the remaining equity interest less the share of net asset value by the original equity interest prior to disposal, is recognized as current period investment income upon losing control. Other attributable comprehensive income is recognized as current period investment income upon losing control.

(3) Accounting in the holding company's and consolidated financial statements for disposal of subsidiaries in stages and losing control which is "a series of transactions"

For transactions that form "a series of transactions", each transaction is accounted for as a disposal of interest in a subsidiary and losing control. In the holding company's financial statements, the difference between the considerations for and the book value of equity interest disposed of for each transaction is recognised in current period investment income; the book value of remaining equity interest after losing control is accounted for as long term equity investment or other financial asset as appropriate. If the remaining equity interest could exercise joint control or significant influence, the historical cost accounting is change to equity accounting.

In the consolidated financial statements, the difference between the considerations for and the share of net asset value of the equity interest disposed of is recognized as current period investment income for each transaction before losing control. upon losing control. Other attributable comprehensive income is recognized as current period investment income upon losing control. For the transaction losing control, the remaining equity interest is re-measure at fair value on the date of losing control. The sum of disposal considerations and the fair value of the remaining equity interest less the share of net asset value by the original equity interest prior to disposal, is recognized as current period investment income upon losing control. Other attributable comprehensive income is recognized as current period investment income upon losing control.

8. CASH AND CASH EQUIVALENTS

Cash presented in the consolidated cash flow statement represents the cash on hand and deposits available for payment at any time.

Cash equivalents presented in the consolidated cash flow statement refer to short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

II. PRINCIPAL ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND PRIOR YEAR ERRORS (CONTINUED)

9. FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

(1) Foreign currency transactions

Foreign currency transactions are recorded in the recording currency using the spot exchange rate of the transaction date.

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rate at the end of the reporting period. Exchange differences arising from the differences between the spot exchange rate at the balance sheet date and the spot exchange rate used in initial recognition or at the previous balance sheet date are recognized in profit or loss for the current period, except for those arising from borrowings denominated in foreign currencies and used for financing the construction of qualifying assets, which are capitalized as cost of the related assets.

Foreign currency non-monetary items measured at historical cost are translated at the spot exchange rate on the transaction date. Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date of determining the fair value. The exchange difference arising is treated as part of the change in fair value and is recorded in profit or loss in the current period or in other comprehensive income as capital reserve.

(2) Translation of financial statements recorded in foreign currencies

When preparing the consolidated financial statements, the financial statements of subsidiaries, joint ventures and associates prepared in currencies other than the Company's recording currency are translated into the Company's recording currency before consolidation.

Assets and liabilities are translated at the spot exchange rate prevailing at the balance sheet date. The equity items, except for undistributed profits, are translated at the spot exchange rates when they are incurred. Income and expenses are translated at the spot exchange rates at the dates of transactions. The resulting translation differences are presented as a separate component of equity in the balance sheet.

The cash flows of items denominated in foreign currencies are translated at the spot exchange rates at the dates of transactions. The effect of exchange differences is presented separately in the cash flow statement.

All or pro-rata exchange differences arising from translation of financial statements of foreign operations are recorded in profit or loss of the period in which the operations are disposed of.

10. FINANCIAL INSTRUMENTS

(1) Recognition, classification and measurement

Financial instruments are classified as financial assets or financial liabilities.

Upon initial recognition, financial assets are classified into financial assets at fair value through profit or loss (including trading securities and financial assets designated as at fair value through profit or loss), held-to-maturity investments, loans and receivables, and available-for-sale financial assets. Except for receivables, the classification of financial asset is based on the intention and capability of holding the financial assets of the Company and its subsidiaries.

Upon initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss, (including trading securities and financial liabilities designated as at fair value through profit or loss) and other financial liabilities.

A financial asset or a financial liability is recognized when the Company becomes a contractual party of a financial instrument.

II. PRINCIPAL ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND PRIOR YEAR ERRORS (CONTINUED)

10. FINANCIAL INSTRUMENTS (CONTINUED)

(1) Recognition, classification and measurement (Continued)

Financial assets and financial liabilities are initially recognized at fair values. Subsequent measurement is recorded based on different category. Financial assets at fair value through profit or loss, available-for-sale financial assets and financial liabilities at fair value through profit or loss are subsequently measured at fair values. Financial guarantee and loans bearing interest rate lower than the market interest rate are subsequently measured at the higher of the amount recognized according to "Accounting Standards for Enterprises No.13 — Contingencies" and the balance of initial fair value less amortized costs determined in accordance with "Accounting Standards for Enterprises No.14 — Revenue"; held-to-maturity investments, loans and receivables, and other financial liabilities are subsequently measured at amortized costs.

Except for financial instruments held for hedging purposes, the gain or loss arising from subsequent measurements of the changes in fair values of the financial assets and financial liabilities are accounted for as follows: (1) Changes in fair values of financial assets or financial liabilities at fair value through profit or loss are recorded as change in fair value in profit or loss; Interests or cash dividends received are recognized as investment income; Upon disposal, the difference between the considerations and the value at initial recognition are recognized as investment income, and the gain or loss from changes in fair values are adjusted accordingly. (2) Changes in fair values of available-for-sale financial assets are recognized in capital reserve; Interest from available-for-sale financial assets is recognized as investment income using the effective interest method; Dividends from available-for-sale equity instruments are recognized as investment income when the investee declares dividends; Upon disposal, the difference between the considerations and the carrying value deducting the accumulated fair value changes previously recorded in capital reserve are recognized as investment income.

(2) Basis and measurement for transfer of financial assets

The criteria for transfer of financial assets: When the risk and rewards of ownership of the asset are transferred, or when there is no transfer and not retaining the risk and rewards of the ownership, but lost the control of the asset, the financial asset shall be derecognized.

Measurement for transfer of financial assets: When the criteria for derecognition of a financial asset are met, such transfer shall be financially measured, where the difference between the considerations and the carrying value deducting the accumulated fair value changes previously recorded in capital reserve are recorded in profit or loss in current period.

If the criteria for partial derecognition of financial asset are met, the fair value shall be proportionally allocated between the derecognized portion and the retained portion, the difference between the considerations for the partial disposal and the carrying value of the disposal portion, deducting the accumulated fair value changes of the disposal portion previously recorded in capital reserve are recorded in profit or loss in current period.:

(3) De-recognition of financial liabilities

When all or part of the current obligation to the financial liabilities has been terminated, the relevant financial liabilities shall be derecognized.

(4) Determination of fair values of financial assets and financial liabilities

If there is an active market for the financial instruments, the quoted prices in the active market shall be used to determine the fair values of these financial instruments; If there is no active market for the financial instruments, valuation techniques would be adopted to determine their fair values.

The valuation techniques include the latest transaction price in arms length basis of similar instruments and market, the fair values of similar financial instruments and the discounted cash flows forecast. When adopting these valuation techniques, market data is preferred and the use of data specific to the Company and its subsidiaries is minimized.

II. PRINCIPAL ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND PRIOR YEAR ERRORS (CONTINUED)

10. FINANCIAL INSTRUMENTS (CONTINUED)

(5) Impairment of financial assets

Provision for impairment loss on financial assets (excluding accounts receivable)

At the balance sheet date, except for financial assets at fair value through profit or loss, the Company performs impairment assessment for all other financial assets. If there is objective evidence that an asset is impaired, the recoverable amount shall be assessed and the carrying value shall be reduced to the recoverable amount.

(i) Impairment of available-for-sale financial assets

If there is a significant decline in fair value of available-for-sale as at balance sheet date, or taking into consideration of other relevant factors, the decline is expected to be other than temporary, the cumulative declined in fair value previously recognized in equity is transferred out and recognized as impairment loss.

For impaired available-for-sale financial assets, if, in a subsequent period, the fair value of debt instrument increase and objectively confirmed it related to the matters related to the original impairment, the impairment loss is reversed in current period profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

The factors that the Company determines whether a decline in fair value of available-for-sale financial asset is significant:

If the fair value of an individual available-for-sale financial asset decrease significantly, over 50% of its original cost, the decline would be considered as significant that provision would be made to recognized the impairment loss.

The factors that the Company determines whether a decline in fair value of available-for-sale financial asset is other than temporary:

If the fair value of an individual available-for-sale financial asset decrease significantly, and the decline has lasted for over one year and is expected to be other than temporary, and there would be no substantial recovery during the holding period, the decline in value would be considered other than temporary that provision would be made to recognized the impairment loss.

(ii) Impairment of held to maturity investments

The measurement of impairment on held to maturity investments is accounted for in accordance with the impairment on receivables.

Basis for recognition of impairment of held to maturity investments include:

- (i) The issuer or debtor is experiencing significant financial difficulties;
- (ii) The debtor breaches the contractual terms, including but not limited to default or delinquency in interest or principal payments;
- (iii) The creditor, based on economic or legal or other factors, waive the debts;
- (iv) It is highly probable that the debtor will enter bankruptcy or other financial reorganization;
- (v) The issuer is experiencing significant financial difficulties that the corresponding financial instruments could not be traded in an active market;

II. PRINCIPAL ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND PRIOR YEAR ERRORS (CONTINUED)

10. FINANCIAL INSTRUMENTS (CONTINUED)

(5) Impairment of financial assets (Continued)

Provision for impairment loss on financial assets (excluding accounts receivable) (Continued)

(ii) Impairment of held to maturity investments (Continued)

- (vi) When it is unable to determine whether cash flows of a specific instrument in a group of financial assets decrease, but the cash flows since initial recognition of that group of financial assets would be measurable and decrease, or the ability to repay by the debtors in that group of financial asset deteriorate, or the unemployment rate of the country or region in which the debtors situate increases, or the price of the underlying collateral decreases significantly in its region, or the industry of the debtors is diminishing;
- (vii) There are significant unfavourable changes in the technology, market, economy or legal environments in issuance place of the equity instrument so that the investor could not recover its investment costs;
- (viii) There is significant or other than temporary decrease in fair value of equity instrument;
- (ix) Other objective evidences show that the financial asset is impaired.

(6) Reclassification of financial assets

A held-to-maturity investment not yet matured is reclassified as available-for-sale financial asset if:

- (i) There is no available fund to continue financing the investment and to hold the investment until maturity;
- (ii) The management has no intention to hold the investment until maturity;
- (iii) There are restrictions of laws or administrative regulations or other reasons that preclude the investments from being held to maturity;
- (iv) Other indicators that the Company is unable to hold the investment until maturity.

The reclassification of held-to-maturity investment to available-for-sale financial assets requires the approval by the board of directors.

11. RECEIVABLES

Receivables include trade receivables, long term receivables and other receivables. If there is objective evidence that receivables have been impaired, impairment loss shall be recognised in profit or loss based on the differences between the carrying values and the present value of estimated future cash flows.

(1) Provision for bad debts for receivables individually significant

Judgement or threshold amount in determining whether a balance is individually significant Individual receivable with carrying amount exceeding RMB5 million

Bad debt provision policy for individually significant balance and impairment assessment is individually performed Impairment review is performed on an individual basis.

When there is objective evidence that they have been impaired, impairment loss shall be recognised in profit or loss based on the differences between the carrying values and the present value of estimated future cash flows.

II. PRINCIPAL ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND PRIOR YEAR ERRORS (CONTINUED)

11. RECEIVABLES (CONTINUED)

(2) Provision for bad debts for receivables on a group basis

Basis of grouping	Receivables classified based on age other than those receivables that are individually significant and impaired and receivables that are not individually significant but impaired.
Bad debt provision policy for receivables on a group basis	For individually insignificant receivables and individually significant receivables with no impairment indicator after impairment assessment performed on an individual basis, bad debt provision is provided using the following aging analysis, taking into account the credit characteristic of receivables analysed by age, actual bad debts experience of identical or similar receivable portfolios in previous years and the current status.

For group of receivables, the Group provides bad debt provision using aging analysis and at the rates set out below:

Aged	Provision rate for Trade receivables (%)	Provision rate for other receivables (%)
Within 1 year (including 1 year)	0.00	0.00
1 to 2 years	10.00	10.00
2 to 3 years	30.00	30.00
3 to 5 years	80.00	80.00
Over 5 years	100.00	100.00

(3) Provision for bad debts for individually insignificant receivables

Reason to provide provision for bad debts on an individual basis	There is objective evidence that the receivable is impaired and provision for bad debts using aging analysis does not reflect the actual situation of the receivable
Bad debt provision policy	Difference between the carrying values of receivables and present value of estimated future cash flows.

12. INVENTORIES

(1) Classification

Inventories are finished goods and merchandise that are ready for sale, work-in-progress or materials used in the process of production or provision of service. Inventories include raw materials, supplementary materials, subcontracted materials, packing materials, low value consumables, work-in-progress, semi-finished goods and finished goods (merchandise in warehouse), etc.

(2) Measurement of inventories

Raw materials, semi-finished goods, finished goods and supplementary materials are recorded based on standard costs as planned, and adjusted to actual costs incurred at each period end. Subcontracted materials are measured using the average method and actual costs incurred.

II. PRINCIPAL ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND PRIOR YEAR ERRORS (CONTINUED)

12. INVENTORIES (CONTINUED)

(3) Measurement of net realisable value and provision for impairment of inventories

At the balance sheet date, inventories are recorded at the lower of cost and net realisable value on an individual basis. For items with significant quantity and low values, provision is made based on their categories.

Net realisable value of inventories is determined as follows: (1) net realisable value of finished goods is the estimated selling price less relevant tax and selling expenses; (2) for materials held for production, net realisable value equals cost if the net realisable value of the finished goods produced from these materials exceeds cost; when the price of raw materials decreases indicating that the net realisable value of the relevant finished goods would be lower than cost, the net realisable value is the estimated selling price less costs to completion, estimated selling expenses and relevant tax; and (3) net realisable value of materials held for sale is the market price.

(4) Inventory system

The Company adopts perpetual inventory system.

(5) Amortisation of low-value consumables and packaging materials

Low-value consumables and packing materials are fully written off.

13. LONG-TERM EQUITY INVESTMENT

(1) Measurement of investment cost

- (i) For long-term equity investment obtained from business combination involving enterprises under common control, the initial cost is measured at the combining party's share of net asset value of the combined party. For long-term equity investment obtained from business combination not involving enterprises under common control, its initial cost is the acquisition cost at the date of acquisition;
- (ii) For long-term equity investment acquired by cash, the initial investment cost is the actual consideration paid;
- (iii) For long-term equity investment acquired by the issue of equity securities, the initial investment cost is the fair value of the equity securities issued;
- (iv) For long-term equity investment contributed by an investor, the initial investment cost is the value stipulated in the investment contract or mutually agreed;
- (v) For long-term equity investment acquired by exchange of asset or debt restructuring, the initial investment cost is determined by the relevant standards and regulations.

(2) Subsequent measurement of long-term equity investments

Long-term equity investments are subsequently measured using equity method or cost method. For long-term investments measured using equity method, the Company's share of investee's profit or loss is recognised as investment income with a corresponding adjustment to the carrying value of the relevant long-term equity investment. When the investee distributes profit or declares cash dividends, the carrying value of the relevant long-term equity investment is reduced by the Company's attributable share of the distribution or cash dividend.

For long-term equity investments measured using cost method, the carrying value is unchanged unless there are additional investments or return of investments. The Company's attributable share of the profit distributions or cash dividends declared by the investee are recognised as investment income.

For long-term equity investment having joint control or significant influence, it is measured using equity method. All other investments are measured using cost method.

II. PRINCIPAL ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND PRIOR YEAR ERRORS (CONTINUED)

13. LONG-TERM EQUITY INVESTMENT (CONTINUED)

(3) Basis of conclusion for joint control and significant influence over the investee

- (i) Joint control over investee: Through contractual or mutual agreements among two or more joint venture partners, the financial and operation policies of the investee must be approved by all partners.
- (ii) Significant influence over investee: Significant influence over the investee exists when holding more than 20% but less than 50% of the investee's shares with voting rights. Even if the holding is below 20%, there is still significant influence if any of the following conditions is met:
 - (a) There is a representative in the board of directors or similar governing body in the investee;
 - (b) Participation in the investee's policy setting process;
 - (c) Assign key management to the investee;
 - (d) The investee relies on the technology or technical information of the investing company; and
 - (e) Other evidence that could prove the significant influence over the investee.

(4) Impairment test and provision of impairment

At the balance sheet date, the Company reviews whether there is impairment indicator for the long-term equity investments. When there is impairment indicator, the recoverable amount is estimated and impairment is provided based on the difference between the carrying value and the recoverable amount. Impairment loss is not reversed in subsequent periods.

The recoverable amount is the higher of net fair value on disposal and the present value of estimated future cash flows. If there is an agreed price under arm's length transaction, the net fair value is the agreed price less relevant tax expense. If there is no agreed price under arm's length transaction but an active market for the asset or similar asset, the market value less relevant tax expenses is the net fair value on disposal.

14. INVESTMENT PROPERTIES

(1) Classification and measurement

Investment properties include buildings for leasing.

Investment property is initially measured at cost and cost model is adopted for subsequent measurement.

(2) Cost model measurement

The investment property is depreciated over its useful life. The overall measurement policy is the same as fixed assets.

At the balance sheet date, the Company reviews whether there is impairment indicator for investment property. When there is impairment indicator, the recoverable amount is estimated and impairment is provided based on the difference between the carrying value and the recoverable amount. Impairment is not reversed in subsequent periods.

II. PRINCIPAL ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND PRIOR YEAR ERRORS (CONTINUED)

15. FIXED ASSETS

(1) Recognition of fixed assets

Fixed assets are tangible assets that are held for production, provision of services, leasing or administrative purposes, and have useful life more than one financial year. Fixed asset are recognised if the following conditions are both met:

- (i) It is probable the future economic benefits associated with the fixed assets will flow to the enterprise;
- (ii) The cost of the fixed asset can be measured reliably.

(2) Classification and depreciation

Fixed assets held by the Company are mainly classified as: buildings, machinery, transportation equipment and other equipment. The useful lives and residual values of assets are assessed based on their nature and the manner of use. At the end of each reporting period, the useful lives, residual values and depreciation method are reviewed, and adjusted if there are variances with the original estimates. Other than fully depreciated assets which are still in use and land individually measured and recorded, depreciation is provided for all fixed assets.

Category	Estimated useful lives (years)	Expected residual value	Annual depreciation rate
Buildings	15–30	3%	3.23%–6.47%
Machinery	5–18	3%	5.39%–19.4%
Transportation equipment	6	3%	16.17%
Other equipment	4–15	3%	6.47%–24.25%

(3) Impairment of fixed assets

At each balance sheet date, the Company reviews whether there is impairment indicator for fixed assets. When there is impairment indicator, the recoverable amount is estimated and impairment is provided based on the difference between the carrying value and the recoverable amount. Impairment is not reversed in subsequent periods.

Recoverable amount is the higher of the fair value less estimated costs of disposal and the present value of the estimated future cash flow of an asset. If there is an agreed price under arm's length transaction, the fair value of the asset is the agreed price. If there is no agreed price under arm's length transaction but there is an active market for the asset or similar assets, the market value less costs of disposal is the recoverable amount.

(4) Recognition and measurement of fixed assets held under finance lease

Basis for recognition of fixed assets held under finance lease: leases that transfer all the risks and rewards of the relevant assets. The asset is recognised if one or more of the following criteria is met: (1) upon expiry of the lease, the ownership of the asset is transferred to the lessee; (2) the lessee has the option to purchase the asset at a price expected to be sufficiently lower than the fair value of the leased asset when the option is exercised and at the inception of the lease, it is reasonably certain that the lessee will exercise the option; (3) the lease term approximates the useful life of the leased asset even if the ownership is not transferred; (4) at the inception of the lease, the present value of the minimum lease payments is substantially equivalent to the fair value of the leased asset; and (5) the leased assets are of such a specialised nature that only the lessee can use them without major modification.

Measurement of fixed assets held under finance lease: fixed assets held under finance lease are initially recognised at the lower of fair value of the leased assets at the inception of lease and the present value of minimum lease payments.

Subsequent measurement of fixed assets held under finance lease is accounted for using the depreciation and impairment policies of owned fixed assets.

II. PRINCIPAL ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND PRIOR YEAR ERRORS (CONTINUED)

16. CONSTRUCTION IN PROGRESS

(1) Classification

There are two types of construction in progress: self-construction and subcontracted construction.

(2) Criteria and time of transfer from construction in progress to fixed assets

Construction in progress is transferred to fixed assets when the project is substantially completed and the fixed assets are ready for intended use. A fixed asset is ready for intended use if any of the following criteria is met:

- (i) The construction (including installation) of the fixed asset is completed or substantially completed;
- (ii) The fixed asset is put to trial production and operates satisfactorily or continually produces products with satisfactory quality, or the result of the trial run proves the asset is running or operating satisfactorily;
- (iii) Further expenditure incurred for construction is very minimal or remote;
- (iv) The constructed fixed asset reaches or almost reaches the design or the requirements of contract, or complies with the design or the requirements of contract.

(3) Impairment test and provision of impairment of construction in progress

At each balance sheet date, the Company reviews whether there is impairment indicator for construction in progress. When there is impairment indicator, the recoverable amount is estimated and impairment is provided based on the difference between the carrying value and the recoverable amount. Impairment is not reversed in subsequent periods.

Recoverable amount is the higher of the fair value less estimated costs of disposal and the present value of the estimated future cash flows.

17. BORROWING COSTS

(1) Basis for capitalisation of borrowing costs

The Company's borrowing costs that are directly attributable to the acquisition or production of qualifying assets are capitalised. Other borrowing costs are recognised as expenses in profit or loss when incurred. Qualifying assets are fixed assets, investment properties and inventories, etc. that take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

(2) Calculation of amount to be capitalised

Capitalisation period: Refers to the period beginning from the commencement of capitalising borrowing costs to the date where capitalisation ceases. Periods where the capitalisation of borrowing costs is suspended are excluded.

Suspension of capitalisation: When there are abnormal interruptions which last more than three months during the construction or production process, the capitalisation of borrowing costs is suspended.

Calculation of amount to be capitalised: (1) Actual interest expense incurred for the designated borrowings, less interest income or investment income of temporary investments from the unused funds of the designated borrowings; (2) The weighted average of general borrowings occupied, based on the accumulated expenditure exceeding the capital expenditure from designated borrowings times the interest rate of the general borrowings so occupied. The interest rate is the weighted average rate of the general borrowings; (3) For borrowings with discount or premium, the discount or premium is amortised over the term of the borrowings using effective interest method to adjust the interest of every period.

Effective interest method uses the coupon rate of the borrowings to calculate the amortisation of discount and premium. Effective interest rate is the rate used in discounting the estimated future cash flows of the borrowings to its carrying value.

II. PRINCIPAL ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND PRIOR YEAR ERRORS (CONTINUED)

18. INTANGIBLE ASSETS

(1) Measurement of intangible assets

Intangible assets are initially recognised at costs. The actual costs of purchased intangible assets include the consideration and relevant expenses paid. For intangible asset contributed by investors, the price contained in the investment agreement or mutually agreed is the actual cost of the intangible asset. If the price contained in the investment agreement or mutually agreed is not a fair value, the fair value of the intangible asset is regarded as the actual cost. The cost of a self developed intangible asset is the total expenditure incurred in bringing the asset to its intended use.

Subsequent measurement of intangible assets: (1) Intangible assets with finite useful lives are amortised on a straight-line basis over the useful lives of the intangible assets. At the end of each year, the useful lives and amortisation policy are reviewed, and adjusted if there are variances with original estimates; (2) Intangible assets with indefinite useful lives are not amortised and the useful lives are reviewed at each year end date. If there is objective evidence that the useful life of an intangible asset is finite, the intangible asset is amortised using the straight-line method over its estimated useful life.

The amortisation of intangible assets with finite useful life is set out below:

Category	Estimated useful lives (years)	Amortisation method
Land use rights	50	Straight line
Patent	10–15	Straight line
Trademark	50	Straight line

(2) Basis of conclusion for indefinite useful life

The Company considers the useful life of an intangible asset is indefinite if the period of future economic benefits generated by the intangible asset could not be reasonably determined, or the useful life of the intangible asset could not be reasonably ascertained.

Basis of conclusion for indefinite useful life: (1) For intangible assets derived from contractual rights or other legal rights, there are no explicit years of use stipulated in the contract or laws and regulations; (2) Useful life cannot be estimated after considering industrial practice or relevant expert opinion.

At each year end date, the useful lives of the intangible assets with indefinite useful lives are reviewed. The assessment is performed using the down-to-top approach by the departments that use the intangible assets to determine if there are changes to the indefinite useful lives.

(3) Impairment test and provision of impairment of intangible assets

At each balance sheet date, the Company reviews whether there is impairment indicator for intangible assets. When there is impairment indicator, the recoverable amount is estimated and impairment is provided based on the difference between the carrying value and the recoverable amount. Impairment is not reversed in subsequent periods.

The recoverable amount is the higher of the fair value less estimated cost of disposal and the present value of the estimated future cash flows of the intangible asset.

II. PRINCIPAL ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND PRIOR YEAR ERRORS (CONTINUED)

18. INTANGIBLE ASSETS (CONTINUED)

(4) Basis for development phase for internal research and development activities and basis for capitalisation of expenditure incurred in development stage

Expenditures for internal research activities are expensed in the period when incurred. Expenditures incurred in the development stage are recognised as intangible assets if all of the following criteria are met: (1) the completion of the intangible asset for future use or for sale is feasible; (2) there is an intention to complete the intangible asset for use or for sale; (3) the ways that intangible asset will generate future economic benefit: there is market for the intangible asset or for the products produced with the intangible asset; or there is evidence that the intangible asset used for internal purpose brings value; (4) the availability of adequate technological, financial and other resources to complete the development of the intangible asset and the ability to use or to sell the intangible asset; (5) expenditures attributable to the development of the intangible asset could be reliably measured.

Basis for distinguishing research phase and development phase of an internal research and development project: research stage involves activities carried out for planned investigation and search of new technology and knowledge, which has the characteristics of planning and exploration; before commercial production or other uses, the application of new technologies and new knowledge obtained from the research phase to develop new or improved plant and equipment and produce new or improved materials and products is regarded as development phase, which has the characteristics of pin-pointing and high probability of concluding results.

19. LONG-TERM PREPAID EXPENSES

Long-term prepaid expenses are expenses which have been paid but the economic benefit lasts over one year (not including one year). They are amortised over the beneficial period. If the long-term prepaid expense cannot provide economic benefit to the subsequent accounting periods, the unamortised amount is transferred to profit or loss in the current period.

20. REVENUE RECOGNITION

(1) Sales of goods

Revenue from the sale of goods is recognised according to the actual receipts or receivables from the purchasing parties and based on the contractual or agreed prices, only when all of the following conditions are satisfied: (1) the significant risks and rewards of ownership of goods have been passed to the buyer; (2) the seller does not retain continual managerial role in the ownership of goods, and does not have control over the items sold; (3) the sales amount could be measured reliably; (4) it is probable that the associated economic benefits will flow to the seller; (5) the associated costs incurred or to be incurred could be measured reliably.

If there is deferred payment clause in the agreement or mutually agreed price, which in substance is of a financing nature, the fair value of the contracted or agreed receivables is recorded as sales amount.

(2) Provision of services

At the balance sheet date, when the outcome of a service transaction could be reliably estimated, revenue from the provision of service is recognised using the percentage of completion method. The percentage of completion is recognised by the Company by reference to ratio between the actual costs incurred to date and the total budgeted costs. At the balance sheet date, when the outcome of a service transaction could not be reliably estimated, the transaction is accounted for as follows: (1) If the costs for provision of service are estimated to be recoverable, revenue from the provision of service is recognised to the extent of actual costs incurred, and the relevant costs are transferred to cost of service in profit or loss. (2) If the costs for provision of service are estimated to be unrecoverable, the relevant costs are transferred to cost of service in profit or loss but no revenue is recognised.

(3) Abalienating the right to use an asset

When the inflow of economic benefits from abalienation of assets is probable and the income can be measured reliably, the income from abalienating the right to use an asset is recognised.

II. PRINCIPAL ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND PRIOR YEAR ERRORS (CONTINUED)

21. GOVERNMENT GRANT

(1) Classification of government grants

Government grants mainly include asset-related government grants and revenue-nature government grants.

(2) Accounting for government grants

Asset-related government grant is recognised as deferred revenue and is evenly amortised over the useful life of the corresponding asset in profit or loss. For revenue-related government grant, it is accounted for either as follows: (1) For government grant compensating the enterprise's future expenses or losses, the income is deferred and is recognised in profit or loss when the corresponding expenses or losses incur. (2) For government grant compensating the enterprise's expenses or losses already incurred, it is recognised in profit or loss for the current period.

(3) Basis for determination of asset-related government grant and revenue-related government grant

If the government grant received by the Company is used for construction or other project that forms a long term asset, it is regarded as asset-related government grant.

If the government grant received by the Company is not asset-related, it is regarded as revenue-related government grant.

If a government grant received is both asset-related and revenue-related, it is split into asset-related and revenue-related portions and separately accounted for. If the amount could not be split, the whole government grant is accounted for as revenue-related government grant.

(4) Amortisation method and determination of amortisation period of deferred revenue related to government grants

Asset-related government grant is recognised as deferred revenue and is evenly amortised to profit or loss on a straight-line basis over the useful life of the relevant asset starting from the date the asset is available for use.

For revenue-related government grant, it is accounted for either as follows: (1) For government grant compensating the enterprise's future expenses or losses, the grant is recognised as deferred revenue and is recognised in profit or loss when the corresponding expenses or losses incur. (2) For government grant compensating the enterprise's expenses or losses already incurred, it is recognised in profit or loss for the current period.

(5) Recognition of government grants

Government grant receivable is recognised when at the year end, there is clear evidence that the conditions set out in the financial subsidy policies and regulation are fulfilled and the receipt of such financial subsidy is assured.

Other government grants not fulfilling the above requirements are recognised upon actual receipt of such subsidies.

22. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are recognised:

- (1) Based on the difference between the carrying amount and the tax base amount of an asset or a liability (Items not recognised as assets and liabilities but their tax base is ascertained by the current tax laws and regulation, the tax base is the difference), deferred tax asset or deferred tax liability is calculated using the applicable tax rate prevailing at the expected time of recovering the relevant asset or discharging the relevant liability.

II. PRINCIPAL ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND PRIOR YEAR ERRORS (CONTINUED)

22. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES (CONTINUED)

- (2) Deferred tax asset is recognised to the extent that there is enough future profit for the utilisation of the deductible temporary difference. At the balance sheet date, if there is sufficient evidence that there would be enough future benefit for the utilisation of the deductible temporary difference, the deferred asset not previously recognised is recognised in current period. If there is no sufficient evidence that there would be enough future benefit for the utilisation of the deductible temporary difference, the carrying value of the deferred asset is reduced.
- (3) Deferred tax is recognised for taxable temporary difference arising from investments in subsidiaries and associated companies, unless the Company could control the reversal of the temporary differences and the temporary differences would not be reversed in the foreseeable future. For deductible temporary differences arising from investments in subsidiaries and associated companies, deferred tax asset is recognised if the temporary difference will be reversed in foreseeable future and there will be sufficient future taxable profit to utilise the deductible temporary difference.

23. CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Changes in accounting policies

In the current reporting period, the Company has early adopted the following standards announced by the Ministry of Finance in January and February 2014: Accounting Standard for Business Enterprises No. 9 — Employee Benefits (Revised), Accounting Standard for Business Enterprise No. 30 — Presentation of Financial Statements (Revised), Accounting Standard for Business Enterprise No. 39 — Fair Value Measurement, Accounting Standard for Business Enterprise No. 40 — Joint Arrangement and Accounting Standard for Business Enterprise No. 33 — Consolidated Financial Statements (Revised).

Except for the presentation required by Accounting Standard for Business Enterprise No. 30 — Presentation of Financial Statements (Revised), the adoption of other new and revised standards has no significant impact on the Company's financial statements.

(2) Changes of accounting estimates

There were no changes in the Company's accounting estimates in current reporting period.

24. PRIOR PERIOD ADJUSTMENTS

The Company had no prior period adjustments in current reporting period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

III. TAXES

1. MAJOR TAXES AND TAX RATES

Major taxes	Basis of assessment	Rate
Enterprise income tax	Taxable income	15%/25%
Value-added tax	Amount liable for value-added tax	17%
Business tax	Revenue, value-added tax or transferred amount	5%
City maintenance and construction tax	Turnover tax actually paid	5%/7%
Education surcharges	Turnover tax actually paid	3%
Supplementary food regulation surcharge	Sales revenue and rental income	0.07%
Local education surcharges	Turnover tax actually paid	2%
Property tax	Net book value of property or rental income	1.2%/12%
Urban and township land use tax	Actual area of land occupied	RMB6 per m ² square meter
Individual income tax	Taxable income of individual	3%–45%

2. PREFERENTIAL TAX TREATMENT AND APPROVAL

According to the regulations of "High-tech enterprise recognition and management method" (Guokefahuo [2008] No.172) and "Working guidelines for the recognition and management of high-tech enterprises" (Guokefahuo [2008] No.362), and according to Chuangaoqiren [2011] No.4 issued by the High-tech Enterprise Recognition and Management Group of Sichuan Province, the Company and its subsidiaries, Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant, Chengdu SEI Optical Fiber Co., Ltd. and Chengdu MCIL Radio Communications Co., Ltd. are recognised as high-tech enterprises and enjoy the High-tech Enterprises Preferential Tax Rate of 15% for a period of three years (2011 to 2013).

According to Sugaoqixie [2012] No.22 issued by the High-tech Enterprises Recognition and Management Coordination Group of Jiangsu Province, the Company's subsidiary, Jiangsu Fasten Photonics Cable Co., Ltd., was recognised as a high-tech enterprise (Certificate number GF201232000809) for a period of three years. The subsidiary was subject to an Enterprise Income Tax rate of 15% starting from 1 January 2012.

IV. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

The Company consolidates all the subsidiaries and special purposes entities in these consolidated financial statements.

The consolidated financial statements are prepared in accordance with Accounting Standard for Business Enterprises No. 33 — Consolidated Financial Statements and the relevant regulations, and all significant intragroup transactions and balances are eliminated upon consolidation. Interests in subsidiaries that are not attributable to the parent company are included in minority interest, which is presented as a separate item within equity in the consolidated financial statements.

If the subsidiaries' accounting policies or accounting periods are different from those of the Company, adjustments in accordance with the Company's accounting policies or accounting periods are made to the subsidiaries' financial statements.

If the subsidiaries are acquired from business combination not involving entities under common control, when preparing the consolidated financial statements, adjustments are made to the individual financial statements of the subsidiaries with reference to the fair value of the identifiable net assets of the subsidiaries at the date of acquisition. If subsidiaries are acquired under business combination involving enterprises under common control, the assets, liabilities, results and cash flows of the subsidiaries are included in the consolidated financial statements from the beginning of the acquisition year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

IV. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. DETAILS OF THE SUBSIDIARIES:

(1) Subsidiaries obtained through set-up or investment

Name of subsidiaries	Type of subsidiaries	Registered address	Registered capital <i>(in ten thousand)</i>	Principal activities and scope of operation	Paid-in capital at the end of the period <i>(in ten thousand)</i>	Other items in substance form part of the investment
Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant	Stated-owned enterprise and collective cooperation	Jingdu Village, Baijia Town, Shuangliu, Chengdu	2,252.00	Manufacture and sale of heat-shrink cable joining sleeves, cold-shrink cable, electric wire and cable and accessories	1,501.34	
Chengdu SEI Optical Fibre Co., Ltd	Limited liability company	The westpark of Hi-tech Development Zone, Chengdu	USD1,375.00	Manufacture and sale of optical fiber and related material	7,042.48	
Chengdu MCIL Radio Communications Co., Ltd	Limited liability company	The westpark of Hi-tech Development Zone, Chengdu	8,210.00	Manufacture and sale of copper cables, parts and components for wireless telecommunications system network	7,270.28	
Putian Fasten Cable Telecommunication Co. Ltd.	Limited liability company	No. 165 Chengjiangzhonglu, Jiangyin City, Jiangsu Province	50,000.00	Manufacture and sales of optical fibre and cable for communication and related products; Sales and acting as an agent for goods and import and export of technology	22,500.00	

Name of subsidiaries	Equity held (%)	Voting right held (%)	Consolidated or not	Minority interests	Amount for deduction of minority interests' profit or loss within minority interests	Excess of subsidiaries' losses shared by minority interests over the minority interests' share of the subsidiaries' beginning equity for the year, which is deducted from the parent company's equity interest
Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant	66.67	66.67	Yes	19,773,870.05		
Chengdu SEI Optical Fiber Co., Ltd.	60.00	60.00	Yes	63,169,198.88		
Chengdu MCIL Radio Communications	96.67	100.00	Yes	2,125,485.93		
Putian Fasten Cable Telecommunication Co. Ltd.	45.00	45.00	Yes	276,822,917.83		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

IV. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. DETAILS OF THE SUBSIDIARIES: (CONTINUED)

(2) Subsidiaries obtained through business combination not under common control

Name of subsidiaries	Type of subsidiaries	Registered address	Registered capital (in ten thousand)	Principal activities and scope of operation	Paid-in capital at the end of the period (in ten thousand)	Other items in substance form part of the investment
Jiangsu Fasten Photonics Co., Ltd.	Limited liability company	Jiangyin City	23,380.00	Manufacture of optical fibre, optical cable and optical apparatus	13,749.91	
Jiangsu Fasten Optical Cable Co., Ltd	Domestic (wholly legal person owned) limited liability company	Jiangyin City	11,058.61	Manufacture of optical communication cable	12,540.34	
Putian Houma Fasten Optical Cable Co., Ltd.	Limited liability company	Houma City	6,000.00	Trading of optical communication cable and the derivative product	1,492.98	
						Excess of subsidiaries' losses shared by minority interests over the minority interests' share of the subsidiaries' beginning equity for the year, which is deducted from the parent company's equity interest
Name of subsidiaries	Equity held (%)	Voting right held (%)	Consolidated or not	Minority interests	Amount for deduction of minority interests' profit or loss within minority interests	
Jiangsu Fasten Photonics Co., Ltd.	82.003	82.003	Yes	30,139,043.84		
Jiangsu Fasten Optical Cable Co., Ltd	100.00	100.00	Yes			
Putian Houma Fasten Optical Cable Co., Ltd.	100.00	100.00	Yes			

2. ENTITIES NEWLY CONSOLIDATED AND ENTITIES DECONSOLIDATED IN CURRENT PERIOD

(1) Subsidiaries newly consolidated in current year

Name	Net asset at year end	Net profit for the year
Putian Fasten Cable Telecommunication Co. Ltd.	529,053,216.83	737,090.82

Note: In accordance with the Board Meeting and the Extraordinary General Meeting, the Company, China Potevio Company Limited, Jiangsu Fasten Hongsheng Group Co. Ltd. and Jiangsu Fasten Company Limited set up the joint venture company Putian Fasten Cable Telecommunication Co. Ltd. with registered capital of RMB500 million, in which the Company contributed RMB225 million, representing 45% equity interest. As the Company holds the majority of the voting right in the board meetings of Putian Fasten Cable Telecommunication Co. Ltd., that the Company could control its financial and operation decision, the Company combined the financial statements of Putian Fasten Cable Telecommunication Co. Ltd. in these consolidated financial statements in accordance with "Accounting Standards for Business Enterprises No. 33 — Consolidated Financial Statements".

(2) Subsidiaries, special purpose entities, operating entities under de-facto control through trust or sub-leases deconsolidated in current period

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

IV. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. CURRENT YEAR'S BUSINESS COMBINATION NOT UNDER COMMON CONTROL

Combined entity	Goodwill amount	Calculation basis
Jiangsu Fasten Photonics Co., Ltd.	8,477,213.03	Note 1
Jiangsu Fasten Optical Cable Co., Ltd	11,259,825.38	Note 2
Putian Houma Fasten Optical Cable Co., Ltd.	2,248,742.06	Note 3
Sub-total	21,985,780.47	

Note 1: In accordance with the Company's Extraordinary General Meeting, the Board Meeting and the Equity Transfer Agreement and its supplemental agreement, the subsidiary, Putian Fasten Cable Telecommunication Co. Ltd. acquired 82.003% equity interest in Jiangsu Fasten Photonics Co., Ltd. at the consideration of RMB137,499,121.18, in which Fasten Group Co., Ltd., the then stake-holder of Jiangsu Fasten Photonics Co., Ltd. contributed RMB124,000,000 as investment in the Company, and the Company paid the remaining cost of RMB13,499,121.18. Based on the valuation report, the fair value of the subsidiary's identifiable net asset at the date of acquisition was RMB157,338,034.16. The RMB8,477,213.03 difference between the Company's long term investment cost and the fair value of identifiable net asset is recognised as good will.

Note 2: In accordance with the Company's Extraordinary General Meeting, the Board Meeting and the Equity Transfer Agreement and its supplemental agreement, the subsidiary, Putian Fasten Cable Telecommunication Co. Ltd. acquired 100% equity interest in Jiangsu Fasten Optical Cable Co., Ltd. at a cash consideration of RMB125,403,357.39. Based on the valuation report, the fair value of the subsidiary's identifiable net asset was RMB114,143,532.01. The RMB11,259,825.38 difference between the Company's long term investment cost and the fair value of identifiable net asset is recognised as good will.

Note 3: In accordance with the Company's Extraordinary General Meeting, the Board Meeting and the Equity Transfer Agreement and its supplemental agreement, the subsidiary, Putian Fasten Cable Telecommunication Co. Ltd. acquired 100% equity interest in Putian Houma Fasten Optical Cable Co., Ltd. at a cash consideration of RMB14,929,785.52. Based on the valuation report, the fair value of the subsidiary's identifiable net asset was RMB12,681,043.46. The RMB2,248,742.06 difference between the Company's long term investment cost and the fair value of identifiable net asset is recognised as good will.

V. NOTES TO MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

1. CASH AND BANK BALANCES

(1) Classification

Item	End of the year			Beginning of the year		
	Foreign currency balance	Exchange rate	RMB	Foreign currency balance	Exchange rate	RMB
Cash	–	–	859,738.62	–	–	137,650.93
— Renminbi	789,224.88	1.0000	789,224.88	–	–	137,650.93
— US dollars	3,527.00	6.0969	21,503.77			
— Euro	572.00	8.4189	4,815.61			
— Pound Sterling	4,395.00	10.0556	44,194.36			
Deposits at banks	–	–	373,397,206.11	972,615.53	6.2855	211,443,705.81
— Renminbi	373,370,613.35	1.0000	373,370,613.35			205,330,330.89
— US dollars	4,361.63	6.0969	26,592.42	972,615.53	6.2855	6,113,374.92
— Euro	0.04	8.4189	0.34			
Other monetary funds			5,536,741.46	–	–	8,322,953.39
— Renminbi	5,536,741.46	1.0000	5,536,741.46	–	–	8,322,953.39
Total	379,709,435.36		379,793,686.19	972,615.53	6.2855	219,904,310.13

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

1. CASH AND BANK BALANCES (CONTINUED)

(2) Other monetary funds

Item	End of the year	Beginning of the year
Letter of credit deposits	5,336,741.45	8,322,933.86
Guarantee deposits	200,000.01	
Total	5,536,741.46	8,322,933.862

2. BILLS RECEIVABLES

(1) Bills receivables comprise

Item	End of the year	Beginning of the year
Bank acceptance bills	66,071,258.07	50,740,279.70
Commercial acceptance bills	19,477,776.43	712,806.94
Total	85,549,034.50	51,453,086.64

(2) Top five bills receivables pledged as at 31 December 2013

Item	Issue date	Maturity date	Amount
1. Dongguan Mentech Optical & Magnetic Co., Ltd.	2013/12/3	2014/5/29	1,124,583.15
2. Commercial acceptance bills	2013/10/25	2014/4/15	500,000.00
3. Jiangsu Etern Company Limited	2013/12/13	2014/6/13	500,000.00
4. Zhejiang Nanfang Communications Group Co., Ltd.	2013/10/11	2014/4/11	500,000.00
5. Chongqing Hongtian Mining Company Limited	2013/9/29	2014/3/29	300,000.00
Total			2,924,583.15

Note: The bills receivables were pledged to Chengdu Chenghua Branch of the China Agricultural Banks by Chengdu SEI Optical Fibre Co., Ltd for the export facilities of RMB4,437,311.15.

(3) Top five bills receivables endorsed but not yet mature as at 31 December 2013

Item	Issue date	Maturity date	Amount
1. China Telecom Corporation Limited Ningxia Branch	2013/11/29	2014/5/29	2,329,646.69
2. ZTE Corporation	2013/9/24	2014/3/17	1,742,646.41
3. Jiangsu Etern Company Limited	2013/8/29	2014/2/28	1,120,000.00
4. Guangdong Communication Services Company Limited	2013/8/29	2014/2/28	1,092,565.40
5. Fushun Mining Group Co., Ltd. — Charcoal Sales Branch	2013/7/8	2014/1/8	1,000,000.00
Total			7,284,858.50

Note: The total bills receivables endorsed but not yet mature at the year end was RMB45,120,839.35, which were endorsed by Jiangsu Fasten Photonics Co., Ltd., and Putian Fasten Cable Telecommunication Co. Ltd.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

3. ACCOUNTS RECEIVABLES

(1) Categories of accounts receivables are set out below

Category	End of the year			
	Carrying amount Amount	Percentage (%)	Provision for bad debts Amount	Percentage (%)
1. Individually significant receivables of which provision for bad debts is made on an individual basis	11,352,543.36	3.50	2,838,135.84	25.00
2. Receivables of which provision for bad debts is made on a portfolio basis Provision for bad debts is made according to aging analysis	291,489,674.15	90.06	27,426,949.67	9.41
Sub-total	291,489,674.15	90.06	27,426,949.67	9.41
3. Individually insignificant receivables of which provision for bad debts is made on an individual basis	20,835,454.48	6.44	20,835,454.48	100.00
Total	323,677,671.99	100.00	51,100,539.99	15.79

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

3. ACCOUNTS RECEIVABLES (CONTINUED)

(1) Categories of accounts receivables are set out below (Continued)

For group of receivables, details of accounts receivables of which provision for bad debts is made according to aging analysis

Age	End of the year			Beginning of the year		
	Carrying amount	Percentage (%)	Provision for bad debts	Carrying amount	Percentage (%)	Provision for bad debts
Within 1 year	251,592,617.57	86.30		87,493,749.40	69.37	
1-2 years	9,550,931.25	3.28	955,093.12	7,759,769.36	6.15	775,976.94
2-3 years	4,247,252.50	1.46	1,274,175.75	7,796,418.77	6.18	2,338,925.63
3-5 years	4,505,960.14	1.55	3,604,768.11	2,202,786.93	1.75	1,762,229.54
Over 5 years	21,592,912.69	7.41	21,592,912.69	20,877,566.80	16.55	20,877,566.80
Total	291,489,674.15	100.00	27,426,949.67	126,130,291.26	100.00	25,754,698.91

Note: The increase in accounts receivables balance at end of the year was attributable to the consolidation of Putian Fasten Cable Telecommunication Co. Ltd. during the year.

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

Name	End of the year	Provision for bad debts	Percentage (%)	Reason for provision
Shandong Radio and Television Network Company Heze Branch	11,352,543.36	2,838,135.84	25.00	Not expected to be recoverable
Total	11,352,543.36	2,838,135.84	25.00	

Note: Individual significant receivables of which provision for bad debts is made on an individual basis are those customer receivables over RMB5,000,000. If there is no impairment indicator arising from impairment assessment of individual significant receivables, the Company provides provision for bad debts on these receivables based on aging analysis.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

3. ACCOUNTS RECEIVABLES (CONTINUED)

(1) Categories of accounts receivables are set out below (Continued)

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

Name	End of the year	Provision for bad debts	Percentage (%)	Reason for provision
1. Henan Qingfeng County Federation of Industry and Trade Co., Ltd	1,007,986.64	1,007,986.64	100.00	Not expected to be recoverable
2. Chengdu Telecommunications Cable Factory Sales division	1,062,382.43	1,062,382.43	100.00	Not expected to be recoverable
3. China Posts Equipment Co., Ltd, Middlesouth Company	1,116,797.27	1,116,797.27	100.00	Not expected to be recoverable
4. Urumqi Zhida Electronics Co., Ltd	1,344,969.65	1,344,969.65	100.00	Not expected to be recoverable
5. Chuandong Electromechanical Co., Ltd.	1,606,692.41	1,606,692.41	100.00	Not expected to be recoverable
6. Shenyang Hengyuanda Communications Equipment Co, Ltd.	1,621,814.62	1,621,814.62	100.00	Not expected to be recoverable
7. KAB/VOLEX	2,058,597.74	2,058,597.74	100.00	Not expected to be recoverable
Total	9,819,240.76	9,819,240.76	—	—

Note: The total amount of individual insignificant receivables of which provision for bad debts is made on an individual basis is RMB20,835,454.48, within which the larger amount is RMB9,819,240.76.

(2) At end of the year, accounts receivables with counterparty holding 5% or more of the Company's voting shares include the receivable of RMB24,760,461.68 due from China Potevio Company Limited.

(3) Top five accounts receivables

Name	Relationship with the Company	Amount	Age	Percentage of total accounts receivables (%)
1. China Potevio Company Limited	Related party	24,760,461.68	Within 1 year	7.65
2. Shandong Radio and Television Network Company Heze Branch	Not related party	11,352,543.36	1–2 years	3.51
3. Shenzhen ZTE Kangxun Telecom Company Limited	Not related party	8,021,983.67	Within 1 year	2.48
4. Jiangsu Ronglian Technology Company	Not related party	7,609,176.95	1–2 years	2.35
5. Shanghai Dynamic Network Communication Co., Ltd.	Not related party	7,487,980.00	Within 1 year	2.31
Total	—	59,232,145.66	—	18.30

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

3. ACCOUNTS RECEIVABLES (CONTINUED)

(4) Accounts receivables from related parties

Name	Relationship with the Company	Amount	Percentage of total receivables (%)
1. China Potevio Company Limited	The Company's parent company	24,760,461.68	7.65
2. Nanjing Putian Telecommunications Company Limited	Under common control by the same parent company	1,782,474.00	0.55
3. China Putian Zhuzhou Company Limited	Under common control by the same parent company	160,000.00	0.05
4. Nanjing Putian Intelligent Building Limited	Under common control by the same parent company	28,192.96	0.01
5. China Putian Chengdu Company Limited	Under common control by the same parent company	227,952.99	0.07
6. Jiangsu Fasten Optoelectronics Technology Co., Ltd.	Entity controlled by the ultimate controlling party of shareholder holding more than 5% of the subsidiary's shares	4,997,196.00	1.54
7. Jiangyin Fasten Pell New Materials Technology Co., Ltd.	Entity controlled by the ultimate controlling party of shareholder holding more than 5% of the subsidiary's shares	245,012.60	0.08
8. Fasten Group Import & Export Co. Ltd.	Entity controlled by the ultimate controlling party of shareholder holding more than 5% of the subsidiary's shares	4,844,042.00	1.50
Total	—	37,812,734.87	11.69

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

4. PREPAYMENTS

(1) Aging analysis of prepayments

Age	End of the year		Beginning of the year	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	26,462,604.61	99.17	3,383,381.11	95.25
Over 1 year	222,763.89	0.83	168,837.82	4.75
Total	26,685,368.50	100.00	3,552,218.93	100.00

(2) Top 5 prepayments as at 31 December 2013

Name	Relationship with the Company	Amount	Percentage of total prepayments (%)	Year of payment	Reasons of outstanding
1. Shanghai Yupin Communication Technology Co., Ltd.	Non related party	4,554,000.00	17.07	2013	Contract not yet completed
2. Wuxi Sunan Electrotechnical Machinery Co., Ltd.	Non related party	3,920,000.00	14.69	2013	Contract not yet completed
3. Sichuan LinXin Construction Engineering Company Limited	Non related party	2,307,750.00	8.65	2013	Contract not yet completed
4. Sichuan Rongzhi Electromechanical Equipment Engineering Co., Ltd.	Non related party	1,365,000.00	5.12	2013	Contract not yet completed
5. Jiangyin City Power Supply Bureau	Non related party	1,224,740.79	4.59	2013	Contract not yet completed
Total	–	13,371,490.79	50.12	–	–

(3) At end of the year, there was no prepayment with counterparty holding 5% or more of the Company's voting shares.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

5. OTHER RECEIVABLE

(1) Categories of other receivables

Category	End of the year			
	Carrying value		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
1. Individually significant receivables of which provision for bad debts is made on an individual basis				
2. Receivables of which provision for bad debts is made on a portfolio basis Provision for bad debts is made according to aging analysis	106,612,865.12	87.67	22,385,175.36	21.00
Sub-total	106,612,865.12	87.67	22,385,175.36	21.00
3. Individually insignificant receivables of which provision for bad debts is made on an individual basis	14,991,922.22	12.33	3,913,573.65	26.10
Total	121,604,787.34	100.00	26,298,749.01	21.63

Category	Beginning of the year			
	Carrying value		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)
1. Individually significant receivables of which provision for bad debts is made on an individual basis				
2. Receivables of which provision for bad debts is made on a portfolio basis Provision for bad debts is made according to aging analysis	36,513,333.64	71.50	20,262,633.87	55.49
Sub-total	36,513,333.64	71.50	20,262,633.87	55.49
3. Individually insignificant receivables of which provision for bad debts is made on an individual basis	14,555,111.02	28.50	3,500,000.00	24.05
Total	51,068,444.66	100.00	23,762,633.87	46.53

Note: Individual significant other receivables of which provision for bad debts is made on an individual basis are those other receivables over RMB5,000,000. If there is no impairment indicator arising from impairment assessment of individual significant receivables, the Company provides provision for bad debts on these receivables based on aging analysis.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

5. OTHER RECEIVABLE (CONTINUED)

(1) Categories of other receivables (Continued)

For group of receivables, details of other receivables of which provision for bad debts is made according to aging analysis

Age	End of the year			Beginning of the year		Provision for bad debts
	Carrying value	Percentage (%)	Provision for bad debts	Carrying value	Percentage (%)	
Within 1 year	77,446,898.73	72.64		13,463,110.01	36.87	
1-2 years	1,408,152.75	1.32	140,815.28	320,173.80	0.88	32,017.38
2-3 years	7,514,867.11	7.05	2,254,460.13	3,507,555.43	9.61	1,052,266.63
3-5 years	1,265,232.93	1.19	1,012,186.35	220,722.69	0.60	176,578.15
Over 5 years	18,977,713.60	17.80	18,977,713.60	19,001,771.71	52.04	19,001,771.71
Total	106,612,865.12	100.00	22,385,175.36	36,513,333.64	100.00	20,262,633.87

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

Other receivables	Carrying amount	Bad debts amounts	Provision % (%)	Reason for provision
Chongqing Xiachade Circuit Board Co., Ltd.	3,000,000.00	3,000,000.00	100.00	Estimated to be non recoverable
Total	3,000,000.00	3,000,000.00	—	—

Note: The total amount of individual insignificant receivables of which provision for bad debts is made on an individual basis is RMB14,991,922.22, within which the larger amount is RMB3,000,000.

(2) At end of the year, other receivables with counterparty holding 5% or more of the Company's voting shares include the receivable of RMB600,000.00 due from China Potevio Company Limited (the Company's parent company).

(3) Nature of more substantial other receivables

Name	Amount	Nature
1. Jiangsu Fasten Hongsheng Group Co., Ltd.	68,016,843.08	Current account balance with related party
2. Chengdu Bada Connector Co., Ltd.	10,901,726.83	Loan from related party
3. Chengdu Telecommunications Cable Factory	8,391,138.00	Current account balance
4. Shenzhen Fu Zhang Company	3,566,915.53	Current account balance
Total	90,876,623.44	—

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

5. OTHER RECEIVABLE (CONTINUED)

(4) Top 5 other receivables

Name	Relationship with the Company	Amount	Expiry period	Percentage of total other receivables (%)
1. Jiangsu Fasten Hongsheng Group Co., Ltd.	Relate party	68,016,843.08	Within 1 year	55.93
2. Chengdu Bada Connector Co., Ltd.	Related party	10,901,726.83	Over 5 years	8.96
3. Chengdu Telecommunications Cable Factory	Non related party	8,391,138.00	Over 5 years	6.90
4. Shenzhen Fu Zhang Company	Non related party	3,566,915.53	Over 5 years	2.93
5. China PUTIAN Corporation	Related party	1,000,000.00	Within 1 year	0.82
Total	—	91,876,623.44	—	75.54

(5) Other receivables due from related parties

Name	Relationship with the Company	Amount	Percentage of total other receivables (%)
1. Chengdu Bada Connector Co., Ltd.	The Company's associated company	10,901,726.83	8.96
2. China PUTIAN Corporation	The Company's ultimate controlling party	1,000,000.00	0.82
3. China Potevio Company Limited	The Company's parent company	600,000.00	0.49
4. Jiangsu Fasten Hongsheng Group Co., Ltd.	Entity controlled by the ultimate controlling party of shareholder holding more than 5% of the subsidiary's shares	68,016,843.08	55.93
5. Chengdu Peak Power Sources Co., Ltd.	The Company's jointly controlled entity	248,940.91	0.20
Total	—	80,767,510.82	74.12

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

6. INVENTORIES

(1) Categories of inventories

Items	End of the year			Beginning of the year		
	Carrying amount	Provision	Net book value	Carrying amount	Provision	Net book value
Raw materials	92,353,735.38	23,743,807.27	68,609,928.11	65,943,652.45	14,182,173.68	51,761,478.77
Supplementary materials (Packing materials and consumables)	2,549,849.56	0	2,549,849.56	2,697,593.27		2,697,593.27
Semi-finished goods and work in progress	37,264,343.73	4,909,412.30	32,354,931.43	24,200,272.72	4,022,685.37	20,177,587.35
Finished goods	193,381,658.76	50,689,240.32	142,692,418.44	162,370,217.10	43,492,384.18	118,877,832.92
Others	10,329,227.07	2,615,675.38	7,713,551.69	16,241,765.70	369,602.31	15,872,163.39
Total	335,878,814.50	81,958,135.27	253,920,679.23	271,453,501.24	62,066,845.54	209,386,655.70

(2) Movements in the provision for diminution in value of inventories

Item	Beginning of the year	Provision for the year	Decrease Reversal	Write off	Other transfer in	End of the year
Raw materials	14,182,173.68	9,228,308.98			333,324.61	23,743,807.27
Semi-finished goods and work in progress	4,022,685.37	832,415.15		1,551,695.65	1,606,007.43	4,909,412.30
Finished goods	43,492,384.18	10,487,481.30	90,192.20	3,200,432.96		50,689,240.32
Others	369,602.31	2,246,073.07				2,615,675.38
Total	62,066,845.54	22,794,278.50	90,192.20	4,752,128.61	1,939,332.04	81,958,135.27

Note 1: No borrowing costs have been capitalised in the inventories at end of the year.

Note 2: Inventories at end of the year were not pledged or used for guarantee.

Note 3: The increase in closing inventories was due to the consolidation of Putian Fasten Cable Telecommunication Co. Ltd. during the reporting period.

(3) Details of provision for diminution in value of inventories

Item	Reasons for provision	Reasons for reversal	Percentage of reversal of provision to closing inventory value
Raw materials	Cost exceeds net realisable value, mainly due to old age and damaged raw materials	Factors leading to the write down in previous years have disappeared	
Semi-finished goods and work in progress	Cost exceeds net realisable value	Factors leading to the write down in previous years have disappeared	
Finished goods	Cost exceeds net realisable value	Factors leading to the write down in previous years have disappeared	0.00
Others	Cost exceeds net realisable value	Factors leading to the write down in previous years have disappeared	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

7. OTHER CURRENT ASSETS

Item	End of the year	Beginning of the year
Loss/profit on assets to be disposed of	94,764.09	153,945.60
Entrusted loan	50,000,000.00	
Total	50,094,764.09	153,945.60

Note 1: The entrusted loan of RMB50,000,000 represents the loan from Putian Fasten Cable Telecommunication Co. Ltd. to Fasten Group Co. Ltd with Wuxi Branch of Bank of Communications acting as the agent. The profit from entrusted loan during the reporting period amounted to RMB614,166.67.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(1) Category of available-for-sale financial assets

Item	Fair value at end of the year	Fair value at beginning of the year
Equity investments available for sale	12,670,320.00	13,463,424.00
Total	12,670,320.00	13,463,424.00

Note: Available-for-sale financial assets at end of the year in the amount of RMB12,670,320.00 represented 1,934,000 shares of ChengDu Hi-Tech Development Co., Ltd. (SZ.000628). The fair value change during the reporting period amounted to RMB -793,104.00.

(2) Cost (amortised cost), fair value, fair value change accumulated in other comprehensive income and provision for impairment of available-for-sale financial assets at end of the year

Category of available-for-sale financial assets	Equity investment available for sale
Cost of equity investment/Amortised cost of debt investment	2,728,000.00
Fair value	12,670,320.00
Fair value change accumulated in other comprehensive income	9,942,320.00
Provision for impairment	

9. INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

(1) Details of jointly controlled entities

Name of jointly controlled entity	Place of establishment	Legal representative	Nature of business	Registered capital	Equity held by the Company (%)	Voting right held by the Company (%)	Total assets at end of the year	Total liabilities at end of the year	Net assets at end of the year	Revenue for the current reporting period	Profit for the current reporting period
Chengdu Peak Power Sources Co., Ltd.	Chengdu, China	Guoaiqing	Manufacturing	3,000,000.00	50.00	50.00					

Note: The Company made an offer of 50% equity interest in Chengdu Peak Power Sources Co., Ltd. ("Peak Power") on the Chongqing United Assets and Equity Exchange on 15 November 2011. The Company signed an Equity Transfer Agreement at a consideration of RMB1.8 million with a purchaser, who is the management of Peak Power, on 7 March 2012. As at 31 December 2013, the purchaser had not paid the consideration and the Company has taken legal proceedings against the purchaser. The Company did not recognise any investment income during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

9. INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (CONTINUED)

(2) Details of associates

Name of jointly controlled entity	Type of entity	Place of establishment	Legal representative	Nature of business	Registered capital	Equity held by the Company (%)	Voting right held by the Company (%)	Total assets at end of the year	Total liabilities at end of the year	Net assets at end of the year	Revenue for the current reporting period	Profit for the current reporting period
Chengdu Bada Connector Co., Ltd	Sino-foreign	Chengdu, Sichuan	Fanmingchang	Manufacturing	5,000,000.00	49.00	49.00	74,945,709.320	67,141,311.97	7,722,630.67	95,515,328.76	421,685.76

10. LONG-TERM EQUITY INVESTMENTS

(1) Details of long-term equity investments

Name of investee company	Measurement basis	Investment cost	Beginning of the year	Change	End of the year	Equity held by the Company (%)	Voting right held by the Company (%)	Details of difference between equity holding and voting right percentages held by the Company	Impairment	Impairment provided during the year	Cash dividend for the year
Chengdu CCS Optical Cable Co., Ltd	Equity method	149,859,539.16	181,807,869.00	(181,807,869.00)							
Chengdu Peak Power Sources Co., Ltd	Equity method	2,340,000.00	1,610,504.40	0	1,610,504.40	50.00	50.00				
Chengdu Bada Connector Co., Ltd	Equity method	2,452,827.16	3,577,463.00	206,626.02	3,784,089.02	49.00	49.00				
Sichuan New Dragon Network Technology Co., Ltd	Cost method	1,535,000.00	1,535,000.00		1,535,000.00	16.67	16.67		1,535,000.00	588,174.82	
Chengdu South Star Thermo Power Co., Ltd	Cost method	5,000,000.00	5,000,000.00	0	5,000,000.00	7.14	7.14		5,000,000.00		
Sichuan Cable Materials Plant	Cost method	125,903.35	125,903.35	0	125,903.35	30.00	30.00		125,903.35		
Shudu Mansion	Cost method	90,000.00	90,000.00	0	90,000.00				90,000.00		
Total		161,403,269.67	193,746,739.75	(181,601,242.98)	12,145,496.77				6,750,903.35	588,174.82	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

11. INVESTMENT PROPERTIES

(1) Investment properties measured at cost

Item	Beginning of the year	Additions	Disposals	End of the year
1. Cost	6,657,049.07	4,969,261.02		11,626,310.09
Buildings	6,657,049.07	4,969,261.02		11,626,310.09
Land use rights				
2. Accumulated depreciation and amortisation	3,438,462.85	1,140,444.89		4,578,907.74
Buildings	3,438,462.85	1,140,444.89		4,578,907.74
Land use rights				
3. Provision for impairment				
Buildings				
Land use rights				
4. Net book value	3,218,586.22			7,047,402.35
Buildings	3,218,586.22			7,047,402.35
Land use rights				

Note: Depreciation for the year is RMB1,140,444.89. No impairment was recognised in respect of the investment properties held as at the end of the year.

12. FIXED ASSETS

(1) Fixed assets and their accumulated depreciation and movements

Item	Beginning of the year	Additions	Disposals	Other transfer	End of the year
1. Cost	694,166,083.23	101,238,415.11	49,499,884.47	298,768,528.23	1,044,673,142.10
Buildings	249,491,799.36	16,254,171.56	5,936,396.35	154,887,620.83	414,697,195.40
Machinery	406,793,641.41	72,818,688.37	37,127,159.98	135,772,228.52	578,257,398.32
Transportation equipment	9,325,946.91	1,558,627.17	1,531,142.48	2,861,383.30	12,214,814.90
Others	28,554,695.55	10,606,928.01	4,905,185.66	5,247,295.58	39,503,733.48
2. Accumulated depreciation	298,147,862.75	55,709,790.95	40,107,869.75	138,654,931.55	452,404,715.50
Buildings	37,104,622.71	17,269,600.72	1,040,697.89	65,609,818.79	118,943,344.33
Machinery	232,171,637.07	35,015,822.84	30,411,615.10	67,766,082.39	304,541,927.20
Transportation equipment	7,238,834.17	1,404,922.71	1,724,870.10	1,680,429.90	8,599,316.68
Others	21,632,768.80	2,019,444.68	6,930,686.66	3,598,600.47	20,320,127.29
3. Provision for impairment	9,953,070.13	7,117,055.78	810,840.45	2,416,681.39	18,675,966.85
Buildings					
Machinery	9,348,151.38	7,113,835.73	300,000.00	2,398,334.96	18,560,322.07
Transportation equipment	113.10			18,346.43	18,459.53
Others	604,805.65	3,220.05	510,840.45		97,185.25
4. Net book value	386,065,150.35				573,592,459.75
Buildings	212,387,176.65				295,753,851.07
Machinery	165,273,852.96				255,155,149.05
Transportation equipment	2,086,999.64				3,597,038.69
Others	6,317,121.10				19,086,420.94

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

12. FIXED ASSETS (CONTINUED)

(1) Fixed assets and their accumulated depreciation and movements (Continued)

Note 1: Depreciation for the year was RMB55,709,790.95.

Note 2: Due to the consolidation of Putian Fasten Cable Telecommunication Co. Ltd and its subsidiary, fixed assets with cost of RMB298,768,528.23 were transferred in. There were increases in accumulated depreciation of RMB138,654,931.55 and provision of impairment of RMB2,416,681.39.

Note 3: Based on the construction completion report, the beginning balances of fixed assets of the subsidiary, Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant, were reclassified. The beginning balances of building was decreased by RMB10,267,501.87, machinery was increased by RMB4,348,675.80, transportation equipment was increased by RMB141,000.00 and other equipment was increased by RMB5,777,826.07. The beginning balances of items within accumulated depreciation were also reclassified.

Note 4: Disposals for the year included fixed assets with cost of RMB27,623,283.27 and accumulated depreciation of RMB 25,121,744.15 disposed of by Chengdu PUTIAN Telecommunications Cable Company Limited and fixed assets with cost of RMB36,376,560.02 and accumulated depreciation of RMB20,606,071.42 disposed of by Putian Fasten Cable Communication Co. Ltd.

Note 5: Other transfer was due to the consolidation of Putian Fasten Cable Communication Co. Ltd during the year.

(2) Idle fixed assets as at 31 December 2013

Category	Cost	Accumulated depreciation	Provision for impairment	Carrying amount	Remark
Buildings	19,291.26	5,466.22	–	13,825.04	
Machinery	2,177,853.81	2,002,327.23	–	175,526.58	
Others	8,630.00	7,498.80	151.20	980.00	
Total	2,205,775.07	2,015,292.25	151.20	190,331.62	

(3) Fixed assets leased out under operating leases as at 31 December 2013

Category	Carry amount
Buildings	14,290,067.15
Total	14,290,067.15

(4) Fixed assets of which property ownership certificate has not been obtained as at 31 December 2013

Item	Reasons of not having property ownership certificate yet	Estimated time to obtain the property ownership certificate
New factory of Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant	Land certificate not yet available	Year 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

13. CONSTRUCTION IN PROGRESS

(1) Details of construction in progress

Item	End of the year			Beginning of the year		Net amount
	Carrying amount	Provision	Net amount	Carrying amount	Provision	
1. Integrated technology improvement	6,576,797.90	5,919,118.11	657,679.79	8,259,409.99	3,288,398.95	4,971,011.04
2. Construction at West District of Putian Industrial Park	30,896.07		30,896.07	80,284.19		80,284.19
3. Accelerator technology improvement	5,082,410.04		5,082,410.04	5,366,796.34		5,366,796.34
4. SEI K5-02B06# Wire drawing	4,728,278.18		4,728,278.18			
5. Z-13 Project	1,123,036.37		1,123,036.37			
6. SEI other projects	28,399.07		28,399.07	185,571.82		185,571.82
7. MCIL production line	920,124.20		920,124.20	920,124.20		920,124.20
8. Project for improvement on technology for annual production of 4 million kilometre of optical cable (Fasten Cable)	5,238,231.47		5,238,231.47			
9. Project for improvement on capacity of optical fiber (Houma)	7,782,085.05		7,782,085.05			
10. Other projects (Photonics)	1,062,223.16		1,062,223.16			
11. Other projects (Optical)	59,962.59		59,962.59			
Total	32,632,444.10	5,919,118.11	26,713,325.99	14,812,186.54	3,288,398.95	11,523,787.59

Note 1: The Company has made an impairment provision of RMB2,630,719.16 during the year for the triple strander, a project under construction of the telecommunication cable factory.

Note 2: Due to the consolidation of Putian Fasten Cable Telecommunication Co Ltd and its subsidiary during the year, construction in progress was increased by RMB14,142,502.27.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

13. CONSTRUCTION IN PROGRESS (CONTINUED)

(2) Changes in major construction in progress

Name of project	Budgeted amount (RMB'0000)	Beginning of the year	Additions	Other transfer	Transferred to fixed assets	Other decreases	End of the year	Costs incurring compared to total budgeted amount	Construction progress (%)	Accumulated interest capitalised	Including: Interest capitalised during the year	Interest capitalisation rate for the year (%)	Source of funds
1. Integrated technology improvement		8,259,409.99	679,477.76		2,362,089.85	3,369,984.72	6,576,797.90						Internal funds
2. Accelerated technology improvement		5,366,796.34	534,759.00		819,145.30	3,369,984.72	5,082,410.04						Internal funds
3. SEI Z-12- new 23 lines	841.00		1,185,205.05		1,185,205.05			88.63	100.00				Internal funds
4. SEI-K5 new 01* line construction	1,200.00	185,571.82	14,327,064.47		14,512,636.29			120.94	100.00				Internal funds
5. SEI K5-02806* Wire drawing	500		4,728,278.18				4,728,278.18	94.57	94.57				Internal funds
6. SEI Z-13-project	145		1,292,267.15		169,230.78		1,123,036.37	89.12	89.12				Internal funds
7. Chengdu project for improvement on technology for annual production of 4 million kilometre of optical cable	4,088.00		5,238,231.47				5,238,231.47	12.81	12.81				Internal funds
8. Light guides and optical fiber project	4,823.00		18,565,753.75	23,420,985.05	41,986,738.80			87.06	87.06				Internal funds
9. Photonics optical cables project Phase 3	4,613.00		16,088,804.62	15,313,841.27	31,342,683.30		59,962.59	67.94	67.94	1,647,997.69	1,407,273.72	4.48	Internal funds
10. Houma Improvement project on 2 million core kilometre of optical cable	1,347.60		7,782,085.05				7,782,085.05	57.75	57.75				Internal funds
11. Others			2,355,745.27	729,701.79	1,153,928.24	869,295.66	1,062,223.16						Internal funds
Total	17,557.60	13,811,778.15	72,777,671.77	41,965,217.17	93,531,657.61	869,295.66	31,653,024.76	-	-	1,647,997.69	1,407,273.72	-	-

Note: Other transfers were due to the consolidation of Putian Fasten Cable Telecommunication Co Ltd and its subsidiary during the year.

(3) Impairment on construction in progress

Item	Beginning of the year	Increase	Decrease	Other transfer	End of the year	Reasons of provision
Integrated technology improvement	3,288,398.95	2,630,719.16			5,919,118.11	Impairment on construction project
Total	3,288,398.95	2,630,719.16			5,919,118.11	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

14. INTANGIBLE ASSETS

(1) Details of intangible assets

Item	Beginning of the year	Additions	Disposals	Other transfer	End of the year
I. Cost	43,885,643.86	40,817,022.28		50,400,744.16	135,103,410.30
1. Land use rights	42,577,784.45	15,428,058.00		46,600,744.16	104,606,586.61
2. Licensing right	1,071,672.28				1,071,672.28
3. Trademark		25,000,000.00		3,800,000.00	28,800,000.00
4. Others	236,187.13	388,964.28			625,151.41
II. Accumulated amortisation	6,273,600.64	2,829,983.47		4,655,687.39	13,759,271.50
1. Land use rights	5,608,668.91	2,218,442.10		2,755,643.39	10,582,754.40
2. Licensing right	517,975.38	107,167.32			625,142.70
3. Trademark		416,666.67		1,900,044.00	2,316,710.67
4. Others	146,956.35	87,707.38			234,663.73
III. Carrying amount	37,612,043.22				121,344,138.80
1. Land use rights	36,969,115.54				94,023,832.21
2. Licensing right	553,696.90				446,529.58
3. Trademark					26,483,289.33
4. Others	89,230.78				390,487.68
IV. Provision for impairment				1,899,956.00	1,899,956.00
1. Land use rights					
2. Licensing right					
3. Trademark				1,899,956.00	1,899,956.00
4. Others					
V. Net book value	37,612,043.22				119,444,182.80
1. Land use rights	36,969,115.54				94,023,832.21
2. Licensing right	553,696.90				446,529.58
3. Trademark					24,583,333.33
4. Others	89,230.78				390,487.68

Note 1: Additions for the year amounted to RMB40,817,022.28. This was mainly attributed by the increase in land use rights in Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant of RMB 15,428,058.00 and the consolidation of Putian Fasten Cable Telecommunication Co. Ltd and its subsidiary, which led to the increases in land use rights of RMB46,600,744.16 and trademark of RMB28,800,000.00.

Note 2: Amortisation for the year amounted to RMB2,829,983.47. Due to the consolidation of Putian Fasten Cable Telecommunication Co Ltd and its subsidiary, accumulated amortisation was increased by RMB 4,655,687.39 and provision for impairment (Trademark) was increased by RMB1,899,956.00.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

15. GOODWILL

Investee company or items leading to the goodwill	Beginning of the year	Increase	Decrease	End of the year	Provision for impairment at year end
Jiangsu Fasten Photonics Co., Ltd.		8,477,213.03		8,477,213.03	
Jiangsu Fasten Optical Cable Co., Ltd		11,259,825.38		11,259,825.38	
Putian Houma Fasten Optical Cable Co., Ltd.		2,248,742.06		2,248,742.06	
Total		21,985,780.47		21,985,780.47	

Note 1: The calculation of goodwill is set out in Note IV, Business combination and consolidated financial statements.

Note 2: Impairment testing for goodwill: When the Company performs impairment assessment on asset units or groups of asset units involving goodwill, if there is impairment indicator for the goodwill-related asset units or groups of asset units, the recoverable amount of those asset units or groups of asset units not involving goodwill is estimated and compared to the carrying value. Impairment loss, if any, is recognised accordingly. After that, impairment assessment is re-performed on asset units or groups of asset units involving goodwill. The carrying amount of these asset units or groups of assets (including the carrying amount of goodwill apportioned) is compared to their recoverable amount. If the recoverable amount of the asset units or groups of assets is lower than the carrying amount, the difference is recognised as impairment loss which is firstly deducted from the carrying amount of goodwill apportioned and next, based on the carrying value of assets (excluding goodwill) within the asset units or groups of asset units, deducted proportionally from the carrying amount of those assets.

16. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

(1) Recognised deferred tax asset and deferred tax liabilities

Item	End of the year	Beginning of the year
Deferred tax assets:		
Impairment of assets	24,462,559.83	18,273,494.72
Total	24,462,559.83	18,273,494.72
Deferred tax liabilities:		
Fair value change of assets	1,491,348.00	1,610,313.60
Difference between fair value and carrying amount upon consolidation	10,945,501.48	
Total	12,436,849.48	1,610,313.60

(2) Details of deferred tax assets not recognised

Item	End of the year	Beginning of the year
Impairment of assets	34,199,607.12	27,857,094.21
Tax losses	2,311,211.52	118,130,002.91
Total	36,510,818.64	145,987,097.12

Note: Due to the uncertainty of obtaining sufficient future taxable profit, the Company did not recognise any deferred tax asset for the deductible temporary differences.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

16. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES (CONTINUED)

(3) Assets and liabilities leading to the temporary differences

Item	Amount
Taxable items	
Difference between fair value and carrying amount arising from business combination not involving common control	51,036,352.98
Fair value change of available-for-sale financial assets	9,942,320.00
Sub-total	60,978,672.98
Deductible temporary difference	
Bad debts provision	49,508,459.11
Provision for diminution in value of inventories	80,108,995.43
Provision for impairment of fixed assets	16,259,285.46
Provision for impairment of construction in progress	5,919,118.11
Provision for impairment of long-term equity investments	6,750,903.35
Unrealised profit from intragroup transactions	250,571.18
Sub-total	158,797,332.64

17. DETAILS OF IMPAIRMENT OF ASSETS

Item	Beginning of the year	Provision	Decrease			End of the year
			Reversal	Write off	Other transfer	
1. Bad debt provision	67,538,116.16	3,701,700.89	471,196.42		6,630,668.37	77,399,289.00
2. Provision for diminution in value of inventories	62,066,845.54	22,794,278.50	90,192.20	4,752,128.61	1,939,332.04	81,958,135.27
3. Provision for impairment of held-to-maturity investments	60,000.00	0	0	0	0	60,000.00
4. Provision for impairment of long-term equity investments	6,162,728.53	588,174.82				6,750,903.35
5. Provision for impairment of fixed assets	9,953,070.13	7,117,055.78		810,840.45	2,416,681.39	18,675,966.85
6. Provision for impairment of intangible assets	0	0			1,899,956.00	1,899,956.00
7. Provision for impairment of construction in progress	3,288,398.95	2,630,719.16				5,919,118.11
Total	149,069,159.31	36,831,929.15	561,388.62	5,562,969.06	12,886,637.80	192,663,368.58

Note: Other transfer was due to the consolidation of Putian Fasten Cable Telecommunication Co Ltd and its subsidiary.

18. RESTRICTED ASSETS

Item	End of the year	Reasons for restriction
1. Assets pledged		
Buildings	54,538,714.37	Pledged for borrowings
Land use rights	6,132,165.00	Pledged for borrowings
Total	60,670,879.37	

Note: The restricted assets disclosed above were pledged to Jiangyin Branch, Shanghai Pudong Development Bank for the borrowing of RMB50 million.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

19. SHORT-TERM LOANS

(1) Short-term loans are classified as follows:

Types of loan	End of the year	Beginning of the year
Pledged loans	110,000,000.00	
Guaranteed and pledged loans	20,000,000.00	
Guaranteed loans	95,000,000.00	11,000,000.00
Total	225,000,000.00	11,000,000.00

(2) Lenders of short-term loans

Lender	End of the year	Beginning of the year
Jiangyin Branch, Shanghai Pufa (Note 1)	50,000,000.00	
Jiangyin Branch, Jiangsu Bank (Note 2)	60,000,000.00	
Jiangyin Branch, Agricultural Bank (Note 3)	30,000,000.00	
Chengjiang Branch, Jiangsu Rural Commercial Bank (Note 4)	40,000,000.00	
Jiangyin Branch, Shanghai Pudong Development Bank (Note 5)	20,000,000.00	
Jiangyin Branch, Agricultural Bank (Note 6)	20,000,000.00	
Business Department, Sichuan Province Branch, Bank of Communications (Note 7)	5,000,000.00	11,000,000.00
Total	225,000,000.00	11,000,000.00

Note 1: The Company's subsidiary, Jiangsu Fasten Photonics Co., Ltd obtained a loan of RMB50 million from Jiangyin Branch, Shanghai Pufa by pledging the buildings of Jiangsu Fasten Photonics Co., Ltd with carrying value of RMB60,670,879.37.

Note 2: The Company's subsidiary, Jiangsu Fasten Photonics Co., Ltd obtained a loan of RMB60 million from Jiangyin Branch, Jiangsu Bank by the guarantee put up by Jiangsu Fasten Hongsheng Group Co. Ltd.

Note 3: The Company's subsidiary, Jiangsu Fasten Photonics Co., Ltd obtained a loan of RMB30 million from Jiangyin Branch, Agricultural Bank by the guarantee put up by Jiangsu Fasten Hongsheng Group Co. Ltd.

Note 4: The Company's subsidiary, Jiangsu Fasten Optical Cable Co., Ltd obtained a loan of RMB40 million from Chengjiang Branch, Jiangsu Rural Commercial Bank by the guarantee put up by Jiangsu Fasten Hongsheng Group Co. Ltd.

Note 5: The Company's subsidiary, Jiangsu Fasten Optical Cable Co., Ltd obtained a loan of RMB20 million from Jiangyin Branch, Shanghai Pudong Commercial Bank by the guarantee put up by Jiangsu Fasten Hongsheng Group Co. Ltd.

Note 6: The Company's subsidiary, Jiangsu Fasten Optical Cable Co., Ltd obtained a loan of RMB20 million from Jiangyin Branch, Agricultural Bank by the guarantees put up by Jiangsu Fasten Hongsheng Group Co. Ltd and Jiangyin Hongtai Property Company Ltd.

Note 7: The Company's subsidiary, Chengdu MCIL Radio Communications Co., Ltd. obtained a loan of RMB5 million from Business Department, Sichuan Province Branch, Bank of Communications by the guarantee put up Chengdu PUTIAN Telecommunications Cable Company Limited.

Note 8: As at 31 December 2013, none of the short-term loans were past due.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

20. ACCOUNTS PAYABLES

(1) The aging analysis of accounts payables is as follows:

Item	End of the year		Beginning of the year	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	156,224,929.70	96.01	56,916,218.07	84.99
1-2 years	1,344,748.06	0.83	8,277,057.31	12.36
2-3 years	3,365,120.26	2.07	450,344.45	0.67
Over 3 years	1,778,241.45	1.09	1,328,253.18	1.98
Total	162,713,039.47	100.00	66,971,873.01	100.00

(2) At the end of the reporting year, there was no counterparty holding 5% or more of the Company's voting shares included in accounts payables.

(3) Accounts payables denominated in foreign currencies

Currency	Original currency	End of the year		Original currency	Beginning of the year	
		Exchange rate	RMB		Exchange rate	RMB
US Dollars	2,632,025.81	6.0969	16,047,198.16	2,133,019.03	6.2855	13,407,091.11
Total	2,632,025.81		16,047,198.16	2,133,019.03		13,407,091.11

21. RECEIPTS IN ADVANCE

(1) Aging analysis of receipts in advance

Item	End of the year		Beginning of the year	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	3,988,109.67	65.93	5,518,197.22	76.28
1-2 years	217,702.74	3.60	1,573,558.66	21.75
2-3 years	275,060.32	4.55	48,908.70	0.68
Over 3 years	1,568,006.03	25.92	93,023.81	1.29
Total	6,048,878.76	100.00	7,233,688.39	100.00

(2) At the end of the reporting year, there was no counterparty holding 5% or more of the Company's voting shares included in receipts in advance.

(3) Receipts in advance with age over one year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

22. STAFF REMUNERATION PAYABLE

Item	Beginning of the year	Increase	Decrease	Other transfer	End of the year
1. Salaries, bonus, allowances and subsidies	14,030,892.78	85,744,766.11	82,692,543.43	229,568.49	17,312,683.95
2. Staff welfare	21,700.00	4,224,306.18	4,222,143.98	330.00	24,192.20
3. Social securities	(139,037.97)	20,590,960.92	20,976,575.92	714,734.00	190,081.03
Including: Medical insurance	(200.05)	5,034,334.53	5,010,712.79	16,160.38	39,582.07
Basic pension insurance	(132,210.24)	13,551,061.69	13,976,073.13	688,766.56	131,544.88
Unemployment insurance	(6,248.02)	1,246,537.42	1,239,311.47	5,266.80	6,244.73
Labour injury insurance		378,056.29	372,811.37	2,054.03	7,298.95
Birth insurance	(379.66)	380,970.99	377,667.16	2,486.23	5,410.40
4. Housing accumulation fund	127,574.00	3,621,238.50	3,745,787.50	32,744.00	35,769.00
5. Compensation for dismissal		684,847.93	684,847.93		
6. Labour union expenses and employee education expenses	5,560,597.88	1,641,206.48	1,410,736.39	150,991.56	5,942,059.53
7. Others		2,779,340.77	2,731,340.77		48,000.00
Total	19,601,726.69	119,286,666.89	116,463,975.92	1,128,368.05	23,552,785.71

Note 1: Other transfer was due to the consolidation of Putian Fasten Cable Telecommunication Co., Ltd. and its subsidiary.

23. TAXES PAYABLE

Types of tax	End of the year	Beginning of the year
Value-added tax	(20,674,053.72)	(23,200,180.42)
Business tax	191,262.76	117,177.94
City construction tax	143,703.07	171,276.58
Enterprise income tax	2,899,910.99	2,968,759.41
Property tax	598,301.21	345,270.73
Land use tax	134,633.25	
Individual income tax	149,842.01	56,080.20
Education surcharges	88,774.69	106,858.92
Local education surcharges	39,437.26	
Others	485,989.69	73,810.66
Total	(15,942,198.79)	(19,360,945.98)

Note: The basis of assessment and tax rates are out in Note 3 "Taxes".

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

24. OTHER PAYABLES

(1) Aging analysis of other payables:

Item	End of the year		Beginning of the year	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	28,273,988.79	49.78	26,564,936.57	59.71
1-2 years	16,862,560.34	29.70	7,387,897.45	16.61
2-3 years	3,508,636.42	6.18	4,547,632.27	10.22
Over 3 years	8,140,375.47	14.34	5,990,123.17	13.46
Total	56,785,561.02	100.00	44,490,589.46	100.00

(2) At the end of the reporting year, there was no counterparty holding 5% or more of the Company's voting shares included in other payables.

(3) Details of significant other payables

Name	Amount	Nature
Chongqing GuanCheng Non-ferrous Metals Processing Co., Ltd	17,304,295.92	Guarantee deposits
Fasten Group Co. Ltd.	10,830,789.00	Fee for patented technology
Total	28,135,084.92	—

25. LONG-TERM LOANS

(1) Category of long-term loans

Item	End of the year	Beginning of the year
Guaranteed loan	9,090,296.75	8,980,918.20
Total	9,090,296.75	8,980,918.20

(2) Top 5 long-term loans

Lender	Date of inception	Date of maturity	Currency	Interest rate (%)	End of the year	
					Foreign currency	RMB
Shudu Dadao Branch, Bank of China	1997-2-21	2033-2-21	Euro	0.50	1,079,748.75	9,090,296.75
Total						9,090,296.75

Note 1: The long-term loans are guaranteed by China PUTIAN Corporation for the period from 21 February 1997 to 21 February 2033.

Note 2: As at 31 December 2013, there were no long-term loans in default.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

26. OTHER NON-CURRENT LIABILITIES

(1) Details of other non-current liabilities

Item	End of the year	Beginning of the year
Shuangliu land acquisition compensation	77,455,443.08	81,165,323.48
Support fund for bend-insensitive optical fibre (G657A/B)	4,180,000.00	2,520,000.00
Support funds for scientific and technological achievements from Science and Technology Bureau of Shuangliu County	180,000.00	0
Project funding for radiation crosslinking of solar photovoltaic cable from Science and Technology Bureau of Shuangliu County	0	150,000.00
Total	81,815,443.08	83,835,323.48

Note 1: Pursuant to Shuangfutu [2008] No.129 "Approval of the Acquisition of the Land, on which the Production Facilities of Shuangliu Heat Shrinkable Product are Erected, of Chengdu Telecom Cable" and "Administration of the Land Acquisition and Reserve of Shuangliu County" issued by the Chengdu Shuangliu County Government, a subsidiary of the Company, Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant, signed a "State Owned Land Use Rights Acquisition Agreement" with Shuangliu Land Reserve Centre in March 2009 pursuant to which the county government agreed to buy back the land use rights of a parcel of state-owned land with 47,767.75 square meters located at Jingdu Village, Baijia Town, Shuangliu County, from the subsidiary at a consideration of RMB87.2043 million. The amortisation for the current year is RMB3.7099 million.

Note 2: Pursuant to Chenggaojingfa [2010] No.248 "Notice of the 2010 Technology Improvement Plan for the Fifth Batch of Enterprises of Hi-tech Zone", the Company received a supporting fund of RMB1.66 million from the Finance Bureau of Chengdu Hi-tech Zone for the bend-insensitive optical fiber project (G657A/B) in 2013. Since the project was still in progress and had not yet reached the intended level of usage, the amount of RMB1.66 million was recognised in deferred income.

(2) Details of government grants

Item	Beginning of the year	Additions	Recognised as income during the current year	Other changes	End of the year	Asset-related/ Revenue-related
Shuangliu land acquisition compensation	81,165,323.48		3,709,880.40		77,455,443.08	Asset-related
Support fund for bend-insensitive optical fibre (G657A/B)	2,520,000.00	1,660,000.00			4,180,000.00	Asset-related
Support funds for scientific and technological achievements from Science and Technology Bureau of Shuangliu County	0	180,000.00			180,000.00	Asset-related
Project funding for radiation crosslinking of solar photovoltaic cable from Science and Technology Bureau of Shuangliu County	150,000.00		150,000.00			Asset-related
Total	83,835,323.48	1,840,000.00	3,859,880.40		81,815,443.08	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

27. SHARE CAPITAL

Shareholder	Beginning of the year	Issue of shares	Changes in the year (+, -)			Sub-total	End of the year
			Bonus shares	Premium transferred to shares	Others		
China Potevio Company Limited	240,000,000.00						240,000,000.00
H shares	160,000,000.00						160,000,000.00
Total	400,000,000.00						400,000,000.00

28. CAPITAL RESERVES

Item	Beginning of the year	Increase	Decrease	End of the year
Share premium	302,343,510.57			302,343,510.57
Other capital reserves	358,035,243.75		747,638.40	357,287,605.35
Including: (1) Capital reserve brought forward from original scheme	343,857,949.07			343,857,949.07
(2) Available-for-sale financial assets fair value change reserve	9,125,110.40		674,138.40	8,450,972.00
(3) Other changes in the equity of investee	73,500.00		73,500.00	0.00
(4) Others	4,978,684.28			4,978,684.28
Total	660,378,754.32		747,638.40	659,631,115.92

29. SURPLUS RESERVE FUND

Item	Beginning of the year	Increase	Decrease	End of the year
Statutory surplus reserve fund	8,726,923.61			8,726,923.61
Discretionary surplus reserve fund				
Reserve fund				
Enterprise development fund				
Others				
Total	8,726,923.61			8,726,923.61

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

30. RETAINED EARNINGS

Item	End of the year	
	Amount	Appropriation or distribution proportion
Unappropriated earnings from last year before adjustments	(65,411,028.78)	
Prior year adjustments (Increase +, Decrease -)		
Adjusted unappropriated earnings at beginning of the year	(65,411,028.78)	
Add: Net profit for the year attributable to shareholders of the Company	(527,216.49)	-
Less: Appropriation to statutory surplus reserve fund		
Appropriation to discretionary surplus reserve fund		
Appropriation for general provision of risk		
Dividend payable to ordinary shareholders		
Transferred from dividend on ordinary shares to share capital		
Unappropriated earnings at end of the year	(65,938,245.27)	

31. OPERATING INCOME AND OPERATING COSTS

(1) Details of operating income

Item	Current year	Prior year
Income from principal operations	895,672,612.87	471,814,359.20
Other operating income	19,808,692.83	26,242,938.53
Total operating income	915,481,305.70	498,057,297.73

(2) Details of operating costs

Item	Current year	Prior year
Costs for principal operations	799,280,839.53	414,569,539.04
Other operating costs	24,025,772.36	50,895,442.92
Total operating costs	823,306,611.89	465,464,981.96

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

31. OPERATING INCOME AND OPERATING COSTS (CONTINUED)

(3) Analysis of principal operations by products

Name of products	Current year		Prior year	
	Income from principal operations	Costs for principal operations	Income from principal operations	Costs for principal operations
Plastic cable	2,872,867.26	6,107,344.76	4,679,381.72	3,830,082.42
Programme-controlled cable	2,347,202.23	4,430,465.60	10,267,909.74	18,428,990.72
Locomotive cable (Note 1)	25,695,811.80	40,934,289.01	12,436,473.31	16,885,806.97
Purchased cable and accessories	71,480,008.64	71,180,664.85	73,664,722.33	80,835,773.41
Heat shrinkable products	58,560,869.92	46,221,684.39	52,970,971.54	46,635,547.64
Wire feed cable	90,506,959.04	76,173,165.18	124,841,396.74	106,108,817.09
Optical fibre	322,428,537.24	247,337,989.20	165,999,173.26	116,495,284.36
Optical cable	268,923,346.11	245,619,897.33		
Other cables (Note 2)	21,675,865.84	22,810,569.33	26,954,330.56	25,349,236.43
Semi-finished cable	31,181,144.79	38,464,769.88		
Total	895,672,612.87	799,280,839.53	471,814,359.20	414,569,539.04

Note 1: Locomotive cable include transportation track cable, special cable, fabric electric wire, conductor and nuclear power cable

Note 2: Other cables mainly include nano-coaxial cable, data cable, steel alloy belt, aluminium alloy belt, etc

(4) Analysis of principal operations by regions

Region	Current year		Prior year	
	Income from principal operations	Costs for principal operations	Income from principal operations	Costs for principal operations
Northeast China	13,406,329.17	12,559,857.60		
Northern China	149,207,932.06	136,446,881.62	22,850,820.93	18,351,127.97
Eastern China	330,059,602.80	271,790,946.22	78,082,413.99	66,408,446.68
Southern China	131,663,859.84	133,035,877.37	20,333,899.10	16,462,913.10
Central China	70,555,555.77	59,699,834.14	105,632,193.94	123,080,389.03
Southwestern China	185,919,663.92	171,680,137.22	240,093,561.46	186,134,766.42
Northwestern China	12,904,413.18	12,478,947.06	1,611,520.84	1,309,181.04
Overseas	1,955,256.13	1,588,358.30	3,209,948.94	2,822,714.80
Total	895,672,612.87	799,280,839.53	471,814,359.20	414,569,539.04

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

31. OPERATING INCOME AND OPERATING COSTS (CONTINUED)

(5) Operating income from top 5 customers

Customer	Operating income	Percentage to the Company's total operating income (%)
1. ZTE Kangxun Telecom Co., Ltd.	64,802,799.39	7.08
2. Fasten Group Imp&Exp Co., Ltd.	42,777,207.39	4.67
3. Chengdu Bada Connector Co., Ltd	20,928,980.02	2.29
4. Tianjin Lifu Optical Fiber Cable Group Co., Ltd	20,533,974.10	2.24
5. Deyang Hexing Copper Materials Trading Co., Ltd.	20,190,523.49	2.21
Total	169,233,484.39	18.49

32. BUSINESS TAX AND SURCHARGES

Item	Basis	Current year	Prior year
Business tax	5%	981,737.68	441,961.07
City construction tax	5%, 7%	1,343,019.48	855,045.50
Education surcharges	3%	936,974.28	551,321.04
Local education surcharges	2%	99,865.51	91,355.85
Property tax	1.2%, 12%	888,934.84	625,743.47
Price regulation fund	0.07%	201,074.84	110,025.99
Others		5,039.10	
Total		4,456,645.73	2,675,452.92

33. SELLING EXPENSES

Item	Current year	Prior year
Staff salaries	9,950,507.11	4,720,523.93
Transportation cost	11,880,160.03	9,787,042.11
Packing expenses	1,609,561.74	4,673,390.57
Business expenses	9,246,631.49	9,075,959.05
Advertising and promotion expenses	765,362.95	380,000.00
Office and travelling expenses	7,433,132.24	1,687,823.86
Others	4,444,952.33	2,288,899.21
Total	45,330,307.89	32,613,638.73

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

34. ADMINISTRATIVE EXPENSES

Item	Current year	Prior year
Staff salaries	28,475,154.62	21,634,494.07
Social securities	6,219,837.81	5,950,349.05
Depreciation and amortisation	10,173,028.10	8,106,277.43
Business entertainment	3,100,838.61	2,275,204.03
Office and travelling expenses	4,907,217.64	4,636,907.90
Research and development costs	11,921,290.03	5,105,282.58
Taxes	5,920,250.76	3,589,698.71
Agency fee	7,318,668.96	3,141,284.27
Transport repairs and maintenance	6,422,052.99	2,354,190.15
Water and electricity	3,676,677.56	5,303,468.79
Loss from work suspension	12,439,855.47	12,242,262.72
Others	10,538,896.92	6,873,205.43
Total	111,113,769.47	81,212,625.13

35. FINANCE COSTS

Item	Current year	Prior year
Interest expenses	8,972,851.92	586,234.98
Less: Interest income	8,788,352.75	5,933,014.79
Exchange loss	128,498.32	186,982.74
Less: Exchange gain	955,703.40	
Bank charges	535,991.81	394,632.46
Total	(106,714.10)	(4,765,164.61)

36. INVESTMENT INCOME

(1) Details of investment income

Item	Current year	Prior year
Investment income from long-term equity investments using cost method		
Investment income from long-term equity investments using equity method	(11,636,582.71)	(16,957,923.46)
Investment income from disposal of long-term equity investments	116,479,839.73	9,000,724.23
Others	780,703.56	
Total	105,623,960.58	(7,957,199.23)

Note 1: Chengdu PUTIAN Telecommunications Cable Company Limited transferred its equity interest in Chengdu CCS Optical Cable Co., Ltd. for a consideration of RMB286,371,000.00. The beginning balance of the Company's long-term equity investment in Chengdu CCS Optical Cable Co., Ltd was RMB181,807,869.00. The loss from long-term equity investments from January 2013 to October 2013 was RMB11,843,208.73. RMB73,500.00 of equity changes previously recognised in capital reserve was transferred out. The Company recognised an investment gain of RMB 116,479,839.73 from the equity transfer. The investment loss for the year recognised using equity method is RMB 11,636,582.71.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

36. INVESTMENT INCOME (CONTINUED)

(2) Investment income from long-term equity investments measured using equity method

Investee	Current year	Prior year	Remark
Chengdu CCS Optical Cable Co., Ltd	(11,843,208.73)	(16,603,029.97)	
Chengdu Bada Connector Co., Ltd	206,626.02	(354,893.49)	
Total	(11,636,582.71)	(16,957,923.46)	

37. ASSETS IMPAIRMENT LOSS

Item	Current year	Prior year
1. Bad debts provision	3,230,504.47	(469,056.24)
2. Diminution in value of inventories	22,704,086.30	(3,417,603.76)
3. Impairment loss on long-term equity investments	588,174.82	
4. Impairment loss on fixed assets	7,117,055.78	
5. Impairment loss on construction in progress	2,630,719.16	3,288,398.95
Total	36,270,540.53	(598,261.05)

38. NON-OPERATING INCOME

(1) Details of non-operating income

Item	Current year		Prior year	
	Amount	Amount recorded in exceptional gains or losses	Amount	Amount recorded in exceptional gains or losses
Gain on disposal of non-current assets	1,810,403.11	1,810,403.11	550.97	550.97
Including: Gain on disposal of fixed assets	1,810,403.11	1,810,403.11	550.97	550.97
Government grants	4,732,048.90	4,732,048.90	2,996,276.18	2,996,276.18
Others	275,931.38	275,931.38	1,916,916.12	1,916,916.12
Total	6,818,383.39	6,818,383.39	4,913,743.27	4,913,743.27

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

39. NON-OPERATING EXPENSES

Item	Current year		Prior year	
	Amount	Amount recorded in exceptional gains or losses	Amount	Amount recorded in exceptional gains or losses
Loss on disposal of non-current assets	299,198.99	299,198.99	118,877.64	118,877.64
Including: Loss on disposal of fixed assets	299,198.99	299,198.99	118,877.64	118,877.64
Donations	30,000.00	30,000.00	30,000.00	30,000.00
Others	19,352.30	19,352.30	1,450,035.63	1,450,035.63
Total	348,551.29	348,551.29	1,598,913.27	1,598,913.27

40. INCOME TAX EXPENSES

Item	Current year	Prior year
Income tax expense for the year according to tax laws and related regulations	4,266,029.86	5,358,243.97
Adjustment for deferred tax	(4,435,285.46)	(6,421.18)
Total	(169,255.60)	5,351,822.79

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

41. CALCULATION OF BASIC EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE

Item	Code	Current year	Prior year
Net profit attributable to ordinary shareholders of the Company (I)	P0	(527,216.49)	(97,714,018.36)
Net profit after deduction of non-recurring profit or loss items attributable to ordinary shareholders of the Company (II)	P0	(106,716,960.74)	(101,070,616.99)
Total number of shares at beginning of the year	S0	400,000,000.00	400,000,000.00
Additional number of shares from capitalisation of surplus fund or share dividends during the year	S1		
Additional number of shares from issue of new shares or debt for equity swap during the year	Si		
Decrease in number of shares from repurchase of shares during the year	Sj		
Share consolidation during the year	Sk		
Number of months during the financial year	M0	12	12
Number of months from the month following the increase in number of shares to the end of the year	Mi		
Number of months from the month following the reduction in number of shares to the end of the year	Mj		
Weighted average number of outstanding ordinary shares	S	400,000,000.00	400,000,000.00
Basic earnings per share (I)		(0.0013)	(0.24)
Basic earnings per share (II)		(0.2668)	(0.25)
Net profit attributable to ordinary shareholders of the Company (I)	P1	(527,216.49)	(97,714,018.36)
Net profit after deduction of non-recurring profit or loss items attributable to ordinary shareholders of the Company (II)	P1	(106,716,960.74)	(101,070,616.99)
Increase in weighted average number of outstanding ordinary shares from share options, warrants, convertible bonds, etc			
Diluted weighted average number of outstanding ordinary shares		400,000,000.00	400,000,000.00
Diluted earnings per share (I)		(0.0013)	(0.24)
Diluted earnings per share (II)		(0.2668)	(0.25)

(1) Basic earnings per share

Basic earnings per share = $P0 \div S$

$S = S0 + S1 + Si \times Mi \div M0 - Sj \times Mj \div M0 - Sk$

Where "P0" represents net profit after deduction of non-recurring profit or loss items attributable to ordinary shareholders of the Company; "S" represents the weighted average number of outstanding ordinary shares; "S0" represents total number of shares at the beginning of the year; "S1" represents additional shares from capitalisation of surplus fund or share dividends during the year; "Si" represents additional shares from issue of new shares or debt for equity swap during the year; "Sj" represents the reduction in shares from share repurchase during the year; "Sk" represents the reduction in shares from share consolidation during the year; "M0" represents the number of months during the financial year; "Mi" represents the number of months from the month following the increase in shares to the end of the year; "Mj" represents the number of months from the month following the decrease in shares to the end of the year.

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

41. CALCULATION OF BASIC EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE (CONTINUED)

(2) Diluted earnings per share

Diluted earnings per share = $P1 / (S0 + S1 + S_i \times M_i \div M0 - S_j \times M_j \div M0 - S_k + \text{Increase in weighted average number of outstanding ordinary shares from share options, warrants and convertible bonds})$.

Where P1 is the net profit after deduction of non-recurring profit or loss items attributable to ordinary shareholders of the Company, of which the effect from dilutive potential ordinary shares has been adjusted in accordance with Accounting Standards for Business Enterprises and the relevant regulations. When calculating the diluted earnings per share, the Company has taken into account all the effect from dilutive potential ordinary shares on the net profit after deduction of non-recurring profit or loss items attributable to ordinary shareholders of the Company and the weighted average number of outstanding ordinary shares, and included the effect of each dilutive potential ordinary share according to the magnitude of their impact in an descending order until the lowest dilutive earnings per share is obtained.

42. OTHER COMPREHENSIVE INCOME

Item	Current year	Prior year
1. Gain (loss) from available-for-sale financial assets Less: Tax effect of available-for-sale financial assets Net amount recognised in other comprehensive income in previous period and recognised in profit or loss in current year	(674,138.40)	(559,041.60)
Sub-total	(674,138.40)	(559,041.60)
2. Share of investees' other comprehensive income using equity method Less: Tax effect of share of investees' other comprehensive income using equity method Net amount recognised in other comprehensive income in previous period and recognised in profit or loss in current year	(73,500.00)	
Sub-total	(73,500.00)	
3. Gain (loss) from cash flow hedge forward contracts Less: Tax effect of cash flow hedge forward contracts Net amount recognised in other comprehensive income in previous period and recognised in profit or loss in current year Adjustment on initial amount upon transfer to hedged items		
Sub-total		
4. Exchange differences arising from translation of financial statements denominated in foreign currencies Less: Amount transferred to profit or loss upon disposal of foreign operations		
Sub-total		
5. Others Less: Tax effect of other items recognised in other comprehensive income Net amount recognised in other comprehensive income in previous period and recognised in profit or loss in current year		
Sub-total		
Total	(747,638.40)	(559,041.60)

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

43. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(1) Cash received from other items related to operating activities

Item	Current year	Prior year
Cash received for government grants other than tax refund	2,531,518.50	15,439,003.36
Cash received from leasing of fixed assets (investment properties)	1,319,895.42	1,214,454.12
Interest income	8,788,352.75	4,010,385.90
Others	1,589,458.99	57,708,982.54
Total	14,229,225.66	78,372,825.92

(2) Cash paid for other items related to operating activities

Item	Current year	Prior year
Administrative expenses paid by cash	65,730,094.03	60,864,084.98
Selling expenses paid by cash	34,246,243.51	32,579,771.35
Bank charges included in finance costs	535,991.81	394,632.46
Others	39,699,447.29	15,308,776.56
Total	140,211,776.64	109,147,265.35

(3) Cash received from other items related to investing activities

Item	Current year	Prior year
Difference between cash paid for investment and beginning cash balance of combined entities	109,367,665.89	
Total	109,367,665.89	

(4) Cash paid for other items related to investing activities

Item	Current year	Prior year
Entrusted loans	50,000,000.00	
Total	50,000,000.00	

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

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

44. SUPPLEMENTARY INFORMATION FOR CONSOLIDATED CASH FLOW STATEMENT

(1) Supplementary information for consolidated cash flow statement

Item	Current year	Prior year
1. Net profit reconciled to cash flows from operating activities:		
Net profit	7,373,192.57	(88,540,167.37)
Add: Provision for impairment of assets	36,270,540.53	(598,261.05)
Depreciation of fixed assets, petroleum assets and productive biological assets	56,850,235.84	22,885,075.82
Amortisation of intangible assets	2,829,983.47	1,090,830.96
Amortisation of long-term prepaid expenses		
Loss on disposal of fixed assets, intangible assets and other long-term assets ("—" represents gain)	(1,511,204.12)	118,326.67
Loss on fixed assets written off ("—" represents gain)		
Loss from changes in fair value ("—" represents gain)		
Finance costs ("—" represents gain)	8,018,833.58	586,234.98
Investment loss ("—" represents gain)	(105,623,960.58)	7,957,199.23
Decrease in deferred tax assets ("—" represents increase)	(3,569,407.04)	477,530.36
Increase in deferred tax liabilities ("—" represents decrease)	(984,844.02)	(611,352.33)
Decrease in inventories ("—" represents increase)	25,208,116.85	57,358,456.37
Decrease in operating receivables ("—" represents increase)	(106,532,196.49)	4,096,559.00
Increase in operating payables ("—" represents decrease)	(33,646,089.54)	15,784,885.82
Others		
Net cash flows from operating activities	(115,316,798.95)	20,605,318.46
2. Significant non-cash investing and financing activities		
Conversion of debts to capital		
Convertible bonds due within one year		
Fixed assets acquired under finance leases		
3. Changes in cash and cash equivalents		
Cash at end of the year	379,793,686.19	219,904,310.13
Less: Cash at beginning of the year	219,904,310.13	242,284,772.64
Add: Cash equivalents at end of year		
Less: Cash equivalents at beginning of the year		
Net increase in cash and cash equivalents	159,889,376.06	-22,380,462.51

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

44. SUPPLEMENTARY INFORMATION FOR CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(2) Information of subsidiaries and other operating entities acquired or disposal of in current year

Item	Current year	Prior year
1. Information for subsidiaries and other operating entities acquired:		
(1) Consideration for acquisition of subsidiaries and other entities	225,000,000.00	
(2) Cash and cash equivalents received from acquisition of subsidiaries and other entities	180,000,000.00	
Less: Cash and cash equivalents held by subsidiaries and other entities	98,816,291.95	
(3) Net cash paid for the acquisition of subsidiaries and other entities	81,183,708.05	
(4) Net assets of subsidiaries acquired		
Current assets		
Non-current assets		
Current liabilities		
Non-current liabilities		
2. Information for subsidiaries and other operating entities disposal of:		
(1) Consideration for disposal of subsidiaries and other entities		18,200,000.00
(2) Cash and cash equivalents received from disposal of subsidiaries and other entities		18,200,000.00
Less: Cash and cash equivalents held by subsidiaries and other entities		
(3) Net cash received from disposal of subsidiaries and other entities		18,200,000.00
(4) Net assets of subsidiaries disposed of		
Current assets		
Non-current assets		
Current liabilities		
Non-current liabilities		

(3) Cash and cash equivalents

Item	Current year	Prior year
1. Cash	379,793,686.19	219,904,310.13
Including: Cash on hand	859,738.62	137,650.93
Bank deposits available for payment at any time	373,397,206.11	211,443,705.81
Other monetary funds available for payment at any time	5,536,741.46	8,322,953.39
2. Cash and cash equivalents		
Including: Bonds investments with original maturity less than three months		
3. Cash and cash equivalents at end of the year	379,793,686.19	219,904,310.13

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. THE COMPANY'S PARENT COMPANY

Name of parent company	Relationship	Type of legal entity	Place of establishment	Legal representative	Nature of business	Registered capital	Equity interest in the Company (%)	Voting rights in the Company (%)	Ultimate controller	Code of entity
China Potevio Company Limited	Parent company	Company with shares	Beijing	Xingwei	Manufacture of telecommunication products	190,000.00	60.00	60.00	China PUTIAN Corporation	10000157X

2. SUBSIDIARIES

Please refer to Note IV, Details of the subsidiaries.

3. JOINT VENTURES AND ASSOCIATES

Please refer to Note V.9, Investments in a jointly controlled entity and associates.

4. THE COMPANY'S OTHER RELATED PARTIES

Other related parties	Relationship with the Company
China PUTIAN Corporation	Ultimate controller
Nanjing PUTIAN Intelligent Building Limited	Controlled by the same parent company
Chengdu Branch, China Potevio Company Limited	Controlled by the same parent company
Jiangsu Fasten Hongsheng Group Co. Ltd.	Entity controlled by ultimate controller of shareholder holding more than 5% of the subsidiary shares
Jiangsu Fasten Company Limited	Shareholder holding more than 5% of the subsidiary's shares
Fasten Group Co. Ltd.	Shareholder holding more than 5% of the subsidiary's shares
Fasten Group Import & Export Co., Ltd.	Entity controlled by ultimate controller of shareholder holding more than 5% of the subsidiary shares
Jiangyin Fasten Wire Products Company Limited	Entity controlled by ultimate controller of shareholder holding more than 5% of the subsidiary shares
Jiangsu Fasten Optical Fibre Technology Company Limited	Ultimate controller of shareholder holding more than 5% of the subsidiary shares
Nanjing PUTIAN Telecommunications Company Limited	Controlled by the same parent company
China PUTIAN Communications Zhuzhou Company Limited	Controlled by the same parent company
Jiangsu Fasten Pell New Materials Technology Co., Ltd.	Controlled by the same parent company
Chengdu CCS Optical Cable Co., Ltd	The Company's associate (disposal of during the current year)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. RELATED PARTY TRANSACTIONS

(1) Purchases of goods and services from related parties

Name of related party	Details of transactions	Pricing and decision policies for related party transactions	Current year	
			Amount	Percentage total similar transactions (%)
Chengdu Bada Connector Co., Ltd.	Purchase of goods and services	Market price	90,662,185.75	10.95
China Potevio Company Limited	Purchase of goods	Market price	2,158.49	0.00
Jiangsu Fasten Hongsheng Group Co. Ltd.	Purchase of goods	Market price	35,275,787.41	2.89
Fasten Group Import & Export Co., Ltd.	Purchase of goods	Market price	92,191,664.62	7.55
Jiangsu Fasten Company Limited	Purchase of goods	Market price	4,572,287.91	0.37
Jiangyin Fasten Wire Products Company Limited	Purchase of goods	Market price	8,766,260.60	0.72
Total			231,470,344.78	

Name of related party	Details of transactions	Pricing and decision policies for related party transactions	Prior year	
			Amount	Percentage total similar transactions (%)
Chengdu Bada Connector Co., Ltd.	Purchase of goods	Market price	69,780,811.98	21.71
Chengdu CCS Optical Cable Co., Ltd.	Purchase of goods	Market price	1,589.74	
Total			69,782,401.72	21.71

(2) Sales of goods and services to related parties

Name of related party	Details of transactions	Pricing and decision policies for related party transactions	Current year	
			Amount	Percentage total similar transactions (%)
China Potevio Company Limited	Sales of goods	Market price	46,457,690.33	5.07
Chengdu Bada Connector Co., Ltd.	Sales of goods	Market price	23,049,156.93	2.52
Chengdu CCS Optical Cable Co., Ltd.	Sales of goods	Market price	16,792,060.93	1.83
Nanjing PUTIAN Telecommunications Company Limited	Sales of goods	Market price	3,715,555.55	0.41
Jiangsu Fasten Optical Fibre Technology Company Limited	Sales of goods	Market price	4,466,099.15	0.49
Fasten Group Import & Export Co., Ltd.	Sales of goods	Market price	46,917,414.13	5.12
Total			141,397,977.02	9.83

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. RELATED PARTY TRANSACTIONS (CONTINUED)

(2) Sales of goods and services to related parties (Continued)

Name of related party	Details of transactions	Pricing and decision policies for related party transactions	Prior year	Percentage total similar transactions (%)
			Amount	
Chengdu Bada Connector Co., Ltd.	Sales of goods	Market price	65,734.37	0.04
Chengdu CCS Optical Cable Co., Ltd	Sales of goods	Market price	19,759,269.27	3.88
China Potevio Company Limited	Sales of goods	Market price	10,701,448.38	2.1
Total			31,068,157.49	6.14

(3) Guarantees with related parties

Guarantor	Guarantee	Amount of guarantee	Date of commencement	Date of expiration	Guarantee discharged?
China PUTIAN Corporation	Chengdu PUTIAN Telecommunications Cable Company Limited	Euro1,079,748.75	1997/2/21	2033/2/21	No
Jiangsu Fasten Hongsheng Group Co. Ltd.	Jiangsu Fasten Optical Cable Co., Ltd	20,000,000.00	2013/7/26	2016/7/26	No
Jiangsu Fasten Hongsheng Group Co. Ltd and Jiangyin Hongtai Property Company Ltd.	Jiangsu Fasten Optical Cable Co., Ltd	20,000,000.00	2013/7/23	2019/12/1	No
Jiangsu Fasten Hongsheng Group Co. Ltd.	Jiangsu Fasten Optical Cable Co., Ltd	40,000,000.00	2013/1/28	2016/1/27	No
Jiangsu Fasten Hongsheng Group Co. Ltd.	Jiangsu Fasten Photonics Co., Ltd	60,000,000.00	2013/11/25	2016/11/24	No
Jiangsu Fasten Hongsheng Group Co. Ltd.	Jiangsu Fasten Photonics Co., Ltd	30,000,000.00	2013/4/1	2016/4/1	No
Chengdu PUTIAN Telecommunications Cable Company Limited	Chengdu MCIL Radio Communications Co. Ltd.	5,000,000.00	2013/7/26	2016/7/26	No
Chengdu PUTIAN Telecommunications Cable Company Limited	Chengdu SEI Optical Fiber Co., Ltd	20,000,000.00	2013/9/30	2016/9/30	No
Chengdu PUTIAN Telecommunications Cable Company Limited	Chengdu SEI Optical Fiber Co., Ltd	10,000,000.00	2013/7/12	2016/7/12	No

(4) Leases and other transactions with related parties

- (1) During year 2013, the subsidiary Putian Fasten Cable Telecommunication Co. Ltd. paid to Jiangsu Fasten Company Limited RMB5,925,600 for the use of patent and RMB20,706,100 for leasing of property, plant and equipment;
- (2) During year 2013, the subsidiary Putian Fasten Cable Telecommunication Co. Ltd. paid to Fasten Group Limited RMB1,886,800 for the use of patent;
- (3) During year 2013, the subsidiary Putian Fasten Cable Telecommunication Co. Ltd. paid to Jiangsu Fasten Hongsheng Group Co. Ltd. RMB506,800 for leasing.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. RELATED PARTY TRANSACTIONS (CONTINUED)

(5) Borrowings with related parties

Name of related party	Amount	Beginning date	Maturity date	Interest
Lending to: Chengdu Bada Connector Co., Ltd.	10,000,000.00	2013/1/1	2013/12/31	715,466.92
Lending to: Fasten Group Limited	50,000,000.00	2013/10/15	2014/10/14	614,166.67
Lending to: Jiangsu Fasten Hongsheng Group Co. Ltd.	51,669,211.00	2013/1/1	2013/12/31	3,410,167.93
Lending to: Jiangsu Fasten Hongsheng Group Co. Ltd.	20,000,000.00	2013/12/2	2013/12/31	110,000.00
Total	131,669,211.00			4,849,801.52

(6) Accounts receivable and payable to related parties

(a) Accounts receivables from related parties are as follows:

Item	Name of related party	End of the year	Beginning of the year
Bills receivable	Jiangsu Fasten Optical Fibre Technology Company Limited	1,000,000.00	
Account receivable	Chengdu CCS Optical Cable Co., Ltd		2,314,198.22
Account receivable	Nanjing PUTIAN Intelligent Building Limited	28,192.96	93,192.96
Account receivable	Nanjing PUTIAN Telecommunications Company Limited	1,782,474.00	
Account receivable	China Potevio Company Limited	24,760,461.68	
Account receivable	China PUTIAN Communications Zhuzhou Company Limited	160,000.00	
Account receivable	Chengdu Branch, China Potevio Company Limited	227,952.99	
Account receivable	Jiangsu Fasten Optical Fibre Technology Company Limited	4,997,196.00	
Account receivable	Jiangsu Fasten Pell New Materials Technology Co., Ltd.	245,012.60	
Account receivable	Fasten Group Import & Export Co., Ltd.	4,844,042.00	
Prepayment	Fasten Group Import & Export Co., Ltd.	420,000.00	
Other receivable	Jiangsu Fasten Hongsheng Group Co. Ltd.	68,016,843.08	
Other receivable	China Potevio Company Limited	600,000.00	
Other receivable	Chengdu Bada Connector Co., Ltd.	10,901,726.83	10,071,325.34
Other receivable	Chengdu Peak Power Sources Co., Ltd.	248,940.91	250,662.21
Other receivable	China PUTIAN Corporation	1,000,000.00	
Total		118,232,843.05	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. RELATED PARTY TRANSACTIONS (CONTINUED)

(6) Accounts receivable and payable to related parties (Continued)

(b) Accounts payables from related parties are as follows:

Item	Name of related party	End of the year	Beginning of the year
Accounts payables	Chengdu Bada Connector Co., Ltd.	43,216,082.57	13,981,183.06
Accounts payables	Nanjing PUTIAN Intelligent Building Limited		65,000.00
Accounts payables	Jiangsu Fasten Company Limited	786,464.10	
Accounts payables	Jiangsu Fasten Hongsheng Group Co. Ltd.	1,625,478.36	
Accounts payables	Jiangyin Fasten Wire Products Company Limited	5,090,827.63	
Accounts payables	Fasten Group Import & Export Co., Ltd.	1,266,753.50	
Receipts in advance	Fasten Group Import & Export Co., Ltd.	1,819,566.50	
Other payables	Fasten Group Co. Ltd.	10,830,789.00	
Total		64,635,961.66	14,046,183.06

(7) Directors' remuneration

Details of directors' remuneration for the year ended 31 December 2013 are set out below:

Name of director	Director salaries	Bonus	Allowances	Social securities	Total
Executive directors:					
Zhang Xiaocheng					
Ping Hao	155,440.00		45,740.00	76,921.32	278,101.32
Cong Huisheng					
Chen Ruowei					
Du Xinhua					
Fan Xu	109,864.00		45,740.00	69,744.96	225,348.96
Independent non-executive directors:					
Choy Sze Chung, Jojo	50,000.04				50,000.04
Xiao Xiaozhou (July to December)	20,833.35				20,833.35
Wu Zhengde (January to June)	25,000.02				25,000.02
Li Yuanpeng	50,000.04				50,000.04
Total	411,137.45		91,480.00	146,666.28	649,283.73

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

VI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. RELATED PARTY TRANSACTIONS (CONTINUED)

(7) Directors' remuneration (Continued)

Details of the directors' remuneration for the year ended 31 December 2012 are set out below:

Name of director	Director salaries	Bonus	Allowances	Social securities	Total
Executive directors:					
Zhang Xiaocheng					
Guo Aiqing	122,124.00		9,740.00	35,615.16	167,479.16
Chen Ruowei					
Fu Ruowei					
Su Wenyu					
Jiang Jianping					
Independent non-executive directors:					
Choy Sze Chung, Jojo	50,000.04				50,000.04
Wu Zhengde	50,000.04				50,000.04
Li Yuanpeng	50,000.04				50,000.04
Total	272,124.12		9,740.00	35,615.16	317,479.28

The remuneration of the five highest paid individuals in the Group (including one Director whose remuneration has been listed in the above table) are set out below:

Item	Year 2013	Year 2012
Salaries	592,224.50	435,457.00
Other allowances	120,700.00	68,800.00
Social securities	217,528.75	190,076.39
Total	930,453.25	694,333.39

VII. CONTINGENT LIABILITIES

At the end of the year, the Company provided joint and several guarantee of RMB5 million for a subsidiary, Chengdu MCIL Radio Communications Co., Limited for its bank borrowing. The guarantee period starts from 26 July 2014 to 26 July 2016.

VIII. COMMITMENT

None

IX. EVENTS AFTER BALANCE SHEET DATE

None

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

X. OTHER SIGNIFICANT MATTERS

1. FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

Item	Beginning of the year	Changes in fair value during the year	Accumulated changes in fair value recorded in equity	Provision for impairment during the year	End of the year
Financial assets:					
1. Financial assets measured at fair value and the changes are recognized in profit and loss for the year (excluding derivative financial assets)					
2. Derivative financial assets					
3. Available-for-sale financial assets	13,463,424.00		(793,104.00)		12,670,320.00
Sub-total of financial assets	13,463,424.00		(793,104.00)		12,670,320.00
Investment properties					
Productive biological assets					
Others					
Sub-total of the above	13,463,424.00		(793,104.00)		12,670,320.00
Financial liabilities					

2. SUBSTANTIAL DISPOSAL OF ASSETS

On 6 December 2012, the Company and CCS Mauritius Company Limited signed a Memorandum of Understanding for the proposed disposal of the Company's 49% shares in Chengdu CCS Optical Cable Co., Ltd. The consideration is still under negotiation. On 18 January 2013, the Company convened a directors' meeting whereas it was agreed that the consideration for the transfer of the Company's 49% equity interest in Chengdu CCS Optical Cable Co., Ltd should not be less than RMB0.29 billion. The resolution was approved during the Extraordinary Meeting held on 31 July 2013. The equity transfer was completed on 31 October 2013 and the consideration has been received.

3. SEGMENT REPORTING

The Company is divided into 3 operating segments for managing purpose. Management of the Company regularly reviews the financial information of the different segments to resources allocation and results assessment.

The three operating segments are as follows:

- (a) Copper cables and related products segment: Manufacture and sales of copper cables and related products;
- (b) Optical cable and related products segment: Manufacture and sales of optical cable and related products; and
- (c) Cable joint and related products: Manufacture and sales of cable joint and related products.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

X. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. SEGMENT REPORTING (CONTINUED)

The transfer pricing between operating segments are determined with reference to selling price to third parties.

(1) Segment information for the year ended 31 December 2013 is as follows:

Item	Copper cable and related products	Optical cable and related products	Cable joint and related products	Elimination	Total
1. External sales	260,753,366.55	593,616,764.89	61,111,174.26		915,481,305.70
2. Inter-segment sales	13,341,465.16	–		(13,341,465.16)	–
3. Interest income	2,539,008.80	6,137,315.59	112,028.36		8,788,352.75
4. Interest expense	1,660,735.14	8,972,033.45	1,025,000.00	(2,684,916.67)	8,972,851.92
5. Assets impairment loss	33,169,632.90	(238,535.97)	2,645,210.63	694,232.97	36,270,540.53
6. Depreciation and amortisation	24,379,999.84	29,412,426.93	5,887,792.55		59,680,219.32
7. Total profit (Loss is denoted as "(")	1,880,658.39	17,725,504.66	(2,707,993.11)	(9,694,232.97)	7,203,936.97
8. Income tax expenses	(4,241,731.19)	4,469,257.18	(396,781.59)		(169,255.60)
9. Net profit (Loss is denoted as "(")	6,122,389.58	13,256,247.48	(2,311,211.52)	(9,694,232.97)	7,373,192.57
10. Total assets	1,148,550,491.28	1,055,292,163.62	182,758,998.69	(430,348,687.32)	1,956,252,966.27
11. Total liabilities	110,137,630.30	368,315,949.59	123,431,455.79	(40,082,380.20)	561,802,655.48
12. Other major non-cash items	–	–			–
Including: Increase in non-current assets other than long-term equity investments (decrease is denoted as "(")	(30,321,782.75)	336,408,277.03	10,688,689.63		316,775,183.91

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

X. OTHER SIGNIFICANT MATTERS (CONTINUED)

3. SEGMENT REPORTING (CONTINUED)

(2) Segment information for the year ended 31 December 2012 is as follows:

Item	Copper cable and related products	Optical cable and related products	Cable joint and related products	Elimination	Total
1. External sales	277,377,694.68	166,946,143.37	53,733,459.68		498,057,297.73
2. Inter-segment sales	11,048,664.56	–		(11,048,664.56)	–
3. Interest income	3,866,697.94	2,013,123.89	53,192.96		5,933,014.79
4. Interest expense	1,957,854.09	–	551,009.78	(1,922,628.89)	586,234.98
5. Assets impairment loss	777,471.53	–	(681,499.61)	(694,232.97)	(598,261.05)
6. Depreciation and amortisation	20,925,983.22	6,299,288.42	283,591.82	(3,532,956.68)	23,975,906.78
7. Total profit (Loss is denoted as "(")")	(116,015,445.59)	35,700,216.45	(8,911,883.02)	6,038,767.58	(83,188,344.58)
8. Income tax expenses	(137,392.51)	5,386,990.36	102,224.94		5,351,822.79
9. Net profit (Loss is denoted as "(")")	(115,878,053.08)	30,313,226.09	(9,014,107.96)	6,038,767.58	(88,540,167.37)
10. Total assets	1,146,696,272.81	185,368,099.17	182,244,378.56	(199,436,633.08)	1,314,872,117.46
11. Total liabilities	113,658,163.01	24,964,258.63	120,605,624.14	(34,864,558.93)	224,363,486.85
12. Other major non-cash items	–	–			–
Including: Increase in non-current assets other than long-term equity investments (decrease is denoted as "(")")	(25,241,447.50)	782,227.80	8,046,665.30		(16,412,554.40)

(3) Geographical information

The following table presents the geographical information of the Company's sales from external customers and non-current asset (including financial assets and deferred tax assets). Geographical location of customers is presented according to the place where the customers' goods are delivered. For non-current assets, geographical information presented for fixed assets, construction in progress and prepaid lease payments are the locations where the assets are physically located; for intangible assets, and exploration and evaluation assets, the geographical information presented is the allocated operating place; for equity investments in associates and other investments, geographical information presented is the place where the associates and investees operate.

Item	Sales from external customers		Non-current assets	
	Year 2013	Year 2012	31 December 2013	31 December 2012
Within China	913,526,049.57	494,847,348.79	792,326,263.43	702,740,497.32
Outside China	1,955,256.13	3,209,948.94		
Total	915,481,305.70	498,057,297.73	792,326,263.43	702,740,497.32

(4) Major customers

The Company has a wide spectrum of client base with only one customer contributed more than 5% to the Company's entire revenue. This customer is ZTE Kangxun Telecom Company Limited. In 2013, the sales of copper cable and related products to this customer was 64,802,799.39. These sales were related to the sales copper cable and related products carried out within China only.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

X. OTHER SIGNIFICANT MATTERS (CONTINUED)

4. FINANCIAL INSTRUMENTS AND THEIR RISKS

The Company's operation is exposed to several financial instrument risks: Market risk (mainly foreign currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall financial risk management focuses on the unpredictability of financial market and aims to minimise the potential unfavourable effect on the Company's operating results.

(1) Market risk

(a) Foreign currency risk

The Company's major operation is located within China and its major business transactions are denominated in Renminbi. However, there is foreign currency risk arising from the Company's recognised assets and liabilities denominated in foreign currencies and its future foreign currency transactions (Assets and liabilities denominated in foreign currencies and foreign currency transactions are mainly denominated in United States Dollars, Euro and British Pounds). The Company's finance department of head office is responsible for monitoring the exposure of the Group's foreign currency transactions and assets and liabilities denominated in foreign currencies in order to minimise foreign currency risk to the greatest extent. Accordingly, the Company will enter into currency forward contracts or currency swap contracts to achieve the currency risk management objective.

Item	31 December 2013		
	United States Dollars	Euro	British Pounds
Assets denominated in foreign currency			
Monetary funds	7,888.63	572.04	4,395.00
Sub-total	7,888.63	572.04	4,395.00

Item	31 December 2013		
	United States Dollars	Euro	British Pounds
Liabilities denominated in foreign currency			
Accounts payables	2,632,025.81		
Long-term loans		1,079,748.75	
Sub-total	2,632,025.81	1,079,748.75	

Item	31 December 2012		
	United States Dollars	Euro	British Pounds
Assets denominated in foreign currency			
Monetary funds	972,615.53		
Sub-total	972,615.53		

Item	31 December 2012		
	United States Dollars	Euro	British Pounds
Liabilities denominated in foreign currency			
Accounts payables	2,133,019.03		
Long-term loans		1,079,748.75	
Sub-total	2,133,019.03	1,079,748.75	

Note: As at 31 December 2013, for the Company's financial assets and financial liabilities denominated in United States Dollars, Euro and British Pounds, if Renminbi accelerated or decelerated against United States Dollars, Euro and British Pounds by 10%, the Company's profit would decrease or increase by RMB370,000 (31 December 2012: approximately RMB240,000).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

X. OTHER SIGNIFICANT MATTERS (CONTINUED)

4. FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

(1) Market risk (Continued)

(b) Interest rate risk

As at 31 December 2013, the Company had only one interest-bearing long-term item which carried fixed interest rate. Accordingly, the Company was not exposed to significant interest rate risk.

(2) Credit risk

The Company manages credit risk by groups. Credit risk mainly arise from bank deposits, accounts receivables, other receivables and bills receivables, etc.

The Company's bank deposits are mainly placed with state-owned banks and other large to medium listed banks within China of which the Company considers the credit risk is not significant. No major loss will arise from the counterparties failing to discharge their obligations.

In addition, for accounts receivables, other receivables and bills receivables, the Company has related policies in place to control credit risk. Based on the financial position of the customers, possibility of obtaining guarantee from third parties, credit history and other factors such as current market situation to evaluate the creditability of customers and determine the related credit period. The Company regularly evaluates the credit records of customers. For customers with unsatisfactory credit records, the Company will adopt written payment reminders, shorten credit period or cancel credit term, etc to ensure the Company's overall credit risk is within manageable extent.

(3) Liquidity risk

The subsidiaries within the Group are individually responsible for their cash flow projection. The finance department of head office summarises the cash flow projection of each subsidiaries and from this, continuously monitors the short-term and long-term funds demands on a group level to ensure there are sufficient cash reserves and marketable securities. The department also continuously monitors the sufficiency of committed banking facilities from financial institutions to fulfil short-term and long-term funds demands by monitoring the covenants specified in loan agreements are met.

As at 31 December 2013, the maturity dates of the Company's financial assets and financial liabilities based on undiscounted contracted cash flows is as follows:

Financial assets	Within 1 year	1-2 years	2-3 years	3-5 years	Over 5 years	No fixed term	Total
Monetary funds	379,793,686.19						379,793,686.19
Bills receivables	85,549,034.50						85,549,034.50
Accounts receivables	323,677,671.99						323,677,671.99
Other receivables	121,604,787.34						121,604,787.34
Available-for-sale financial assets						12,670,320.00	12,670,320.00
Entrusted loan	50,000,000.00						50,000,000.00
Sub-total	960,625,180.02					12,670,320.00	973,295,500.02
Financial liabilities	Within 1 year	1-2 years	2-3 years	3-5 years	Over 5 years	No fixed term	Total
Short-term loans	225,000,000.00						225,000,000.00
Accounts payable	162,713,039.47						162,713,039.47
Other payables	56,785,561.02						56,785,561.02
Long-term loans					9,090,296.75		9,090,296.75
Sub-total	444,498,600.49				9,090,296.75		453,588,897.24
Guarantee provided	225,000,000.00				9,090,296.75		234,090,296.75

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

X. OTHER SIGNIFICANT MATTERS (CONTINUED)

4. FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

(3) Liquidity risk (Continued)

As at 31 December 2012, the maturity dates of the Company's financial assets and financial liabilities based on undiscounted contracted cash flows is as follows:

Financial assets	Within 1 year	1-2 years	2-3 years	3-5 years	Over 5 years	No fixed term	Total
Monetary funds	219,904,310.13						219,904,310.13
Bills receivables	51,453,086.64						51,453,086.64
Accounts receivables	144,151,074.64						144,151,074.64
Other receivables	51,068,444.66						51,068,444.66
Available-for-sale financial assets						13,463,424.00	13,463,424.00
Sub-total	466,576,916.07					13,463,424.00	480,040,340.07
Financial liabilities	Within 1 year	1-2 years	2-3 years	3-5 years	Over 5 years	No fixed term	Total
Short-term loans	11,000,000.00						11,000,000.00
Accounts payables	66,971,873.01						66,971,873.01
Other payables	44,490,589.46						44,490,589.46
Long-term loans					8,980,918.20		8,980,918.20
Sub-total	122,462,462.47				8,980,918.20		131,443,380.67
Guarantee provided	11,000,000.00				8,980,918.20		19,980,918.20

The repayment schedule of the Company's bank loans and other borrowings is as follows:

The borrowings of which the last instalment is within five years:

31 December 2013		31 December 2012	
Bank loans	Other borrowings	Bank loans	Other borrowings
225,000,000.00		11,000,000.00	

Fair value measurement

Financial instruments not measured at fair value

Financial assets and liabilities not measured at fair value mainly include: Accounts receivables, short-term loans, accounts payables and long-term loans.

The difference between the fair values and carrying values of financial assets and liabilities not measured at fair value is insignificant.

Financial instruments measured at fair value

According to the major lowest input for fair value measurement, the levels of fair value can be categorised are as follows:

- Level 1: Price (unadjusted) of similar assets or liabilities in active market.
- Level 2: Observable direct (e.g. obtained from price) or indirect (e.g. obtained from price estimation) inputs, other than market price of assets and liabilities under Level 1.
- Level 3: Inputs for assets and liabilities which are based on variations not observable from market (Unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

X. OTHER SIGNIFICANT MATTERS (CONTINUED)

4. FINANCIAL INSTRUMENTS AND THEIR RISKS (CONTINUED)

Fair value measurement (Continued)

Financial instruments measured at fair value (Continued)

As at 31 December 2013, financial assets measured at fair value based on the aforementioned fair value hierarchy is as follows:

Financial assets	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	12,670,320.00			

As at 31 December 2012, financial assets measured at fair value based on the aforementioned fair value hierarchy is as follows:

Financial assets	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	13,463,424.00			

Note: For financial instruments with active market, their fair values are determined with reference to the price in the active market. For financial instruments without active market, their fair values are determined using valuation technique. Valuation technique includes reference to prices of recent market transactions under arm's length transactions, reference to the fair value of similar financial assets, discounted cash flow etc. The related estimation assumption includes early repayment rate, estimated credit losses, interest rate or discounted rate.

XI. NOTES TO SIGNIFICANT ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. ACCOUNTS RECEIVABLES

(1) Categories of accounts receivables are set out below:

Category	End of the year			
	Carrying amount Amount	Percentage (%)	Provision for bad debts Amount	Percentage (%)
1. Individually significant receivables of which provision for bad debts is made on an individual basis				
2. Receivables of which provision for bad debts is made on a portfolio basis Provision for bad debts is made according to aging analysis	38,593,359.62	57.96	15,965,061.70	41.37
Sub-total	38,593,359.62	57.96	15,965,061.70	41.37
3. Individually insignificant receivables of which provision for bad debts is made on an individual basis	27,995,054.66	42.04	20,493,486.83	73.20
Total	66,588,414.28	100.00	36,458,548.53	54.75

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

XI. NOTES TO SIGNIFICANT ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTS RECEIVABLES (CONTINUED)

(1) Categories of accounts receivables are set out below: (Continued)

Category	Carrying amount Amount	Beginning of the year		
		Percentage (%)	Provision for bad debts Amount	Percentage (%)
1. Individually significant receivables of which provision for bad debts is made on an individual basis				
2. Receivables of which provision for bad debts is made on a portfolio basis Provision for bad debts is made according to aging analysis	58,376,877.30	76.41	17,956,156.36	30.76
Sub-total	58,376,877.30	76.41	17,956,156.36	30.76
3. Individually insignificant receivables of which provision for bad debts is made on an individual basis	18,020,783.38	23.59	18,020,783.38	100.00
Total	76,397,660.68	100.00	35,976,939.74	47.09

Note: Individual significant receivables of which provision for bad debts is made on an individual basis are those customer receivables over RMB5,000,000. If there is no impairment indicator arising from impairment assessment of individual significant receivables, the Company provides provision for bad debts on these receivables based on aging analysis. Receivables of which provision for bad debts is made on a portfolio basis are those accounts receivables aged over three years. If there is no impairment indicator arising from impairment assessment, the Company provides provision for bad debts on these receivables based on aging analysis.

For group of receivables, details of accounts receivables of which provision for bad debts is made according to aging analysis:

Age	End of the year			Beginning of the year		
	Carrying amount	Percentage (%)	Provision for bad debts	Carrying amount	Percentage (%)	Provision for bad debts
Within 1 year	20,538,540.25	53.22	–	26,492,651.91	45.38	
1–2 years	1,145,137.22	2.97	114,513.72	11,013,205.62	18.87	1,101,320.56
2–3 years	912,810.20	2.37	273,843.06	5,458,147.06	9.35	1,637,444.12
3–5 years	2,100,835.14	5.44	1,680,668.11	977,405.16	1.67	781,924.13
Over 5 years	13,896,036.81	36.00	13,896,036.81	14,435,467.55	24.73	14,435,467.55
Total	38,593,359.62	100.00	15,965,061.70	58,376,877.30	100.00	17,956,156.36

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

XI. NOTES TO SIGNIFICANT ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTS RECEIVABLES (CONTINUED)

(1) Categories of accounts receivables are set out below: (Continued)

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

Name	End of the year	Provision for bad debts	Percentage (%)	Reason for provision
1. Henan Qingfeng County Federation of Industry and Trade Co., Ltd	1,007,986.64	1,007,986.64	100.00	Not expected to be recoverable
2. Chengdu Telecommunications Cable Factory Sales division	1,062,382.43	1,062,382.43	100.00	Not expected to be recoverable
3. China Posts Equipment Co., Ltd, Middlesouth Company	1,116,797.27	1,116,797.27	100.00	Not expected to be recoverable
4. Urumqi Zhida Electronics Co., Ltd	1,344,969.65	1,344,969.65	100.00	Not expected to be recoverable
5. Chuandong Electromechanical Co., Ltd.	1,606,692.41	1,606,692.41	100.00	Not expected to be recoverable
6. Shenyang Hengyuanda Communications Equipment Co, Ltd.	1,621,814.62	1,621,814.62	100.00	Not expected to be recoverable
7. KAB/VOLEX	2,058,597.74	2,058,597.74	100.00	Not expected to be recoverable
Total	9,819,240.76	9,819,240.76	- -	

Note: The total amount of individual insignificant receivables of which provision for bad debts is made on an individual basis is RMB20,493,486.83, within which the larger amount is RMB9,819,240.76.

(2) At end of the year, accounts receivables with counterparty holding 5% or more of the Company's voting shares include the receivable of RMB7693.24 due from China Potevio Company Limited.

(3) Top 5 accounts receivables

Name	Relationship with the Company	Amount	Age	Percentage of total accounts receivables (%)
1. Shenzhen ZTE Kangxun Telecom Company Limited	Non related party	8,021,983.67	Within 1 year	12.05
2. CSR Investment & Leasing Co Ltd	Non related party	3,480,082.61	Within 1 year	5.23
3. Chengdu CCS Optical Fiber Cable Co Ltd	Non related party	2,633,173.43	Within 1 year	3.95
4. Shenzhen Minli Electronics Co., Ltd	Non related party	2,609,933.97	3-5 years	3.92
5. KABKableprektionAB	Non related party	2,058,597.74	3-5 years	3.09
Total	-	18,803,771.42	-	28.24

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

XI. NOTES TO SIGNIFICANT ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. ACCOUNTS RECEIVABLES (CONTINUED)

(4) Accounts receivables from related parties

Name	Relationship with the Company	Amount	Percentage of total receivables (%)
1. Nanjing PUTIAN Telecommunications Company Limited	Under common control by the same parent company	1,782,474.00	2.68
2. China PUTIAN Corporation	The Company's parent company	76,938.24	0.12
3. Nanjing PUTIAN Intelligent Building Limited	Under common control by the same parent company	28,192.96	0.04
Total	—	1,887,605.20	2.84

2. OTHER RECEIVABLES

(1) Categories of other receivables:

Category	Category	End of the year			
		Amount	Percentage (%)	Provision for bad debts	Percentage (%)
1. Individually significant receivables of which provision for bad debts is made on an individual basis					
2. Receivables of which provision for bad debts is made on a portfolio basis Provision for bad debts is made according to aging analysis		26,279,696.35	38.01	20,721,420.03	78.85
Sub-total		26,279,696.35	38.01	20,721,420.03	78.85
3. Individually insignificant receivables of which provision for bad debts is made on an individual basis		42,861,642.87	61.99	3,913,573.65	9.13
Total		69,141,339.22	100.00	24,634,993.68	35.63

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

XI. NOTES TO SIGNIFICANT ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. OTHER RECEIVABLES (CONTINUED)

(1) Categories of other receivables: (Continued)

Category	Carrying value Amount	Beginning of the year Provision for bad debts Percentage (%)	Amount	Percentage (%)
1. Individually significant receivables of which provision for bad debts is made on an individual basis				
2. Receivables of which provision for bad debts is made on a portfolio basis Provision for bad debts is made according to aging analysis	29,722,590.72	41.17	19,569,074.95	65.84
Sub-total	29,722,590.72	41.17	19,569,074.95	65.84
3. Individually insignificant receivables of which provision for bad debts is made on an individual basis	42,477,340.28	58.83	3,500,000.00	8.24
Total	72,199,931.00	100.00	23,069,074.95	31.95

Note: Individual significant receivables of which provision for bad debts is made on an individual basis are those other receivables over RMB5,000,000. If there is no impairment indicator arising from impairment assessment of individual significant receivables, the Company provides provision for bad debts on these receivables based on aging analysis. Receivables of which provision for bad debts is made on a portfolio basis are those other receivables aged over three years. If there is no impairment indicator arising from impairment assessment, the Company provides provision for bad debts on these receivables based on aging analysis.

For group of receivables, details of other receivables of which provision for bad debts is made according to aging analysis

Age	End of the year			Beginning of the year		
	Carrying value	Percentage (%)	Provision for bad debts	Carrying value	Percentage (%)	Provision for bad debts
Within 1 year	510,910.62	1.95		2,728,667.05	9.18	
1-2 years	4,257.37	0.02	425.74	7,350,929.30	24.73	735,092.93
2-3 years	7,177,683.11	27.31	2,153,304.93	1,142,382.59	3.84	342,714.78
3-5 years	95,779.47	0.36	76,623.58	46,722.69	0.16	37,378.15
Over 5 years	18,491,065.78	70.36	18,491,065.78	18,453,889.09	62.09	18,453,889.09
Total	26,279,696.35	100.00	20,721,420.03	29,722,590.72	100.00	19,569,074.95

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

XI. NOTES TO SIGNIFICANT ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. OTHER RECEIVABLES (CONTINUED)

(1) Categories of other receivables: (Continued)

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

Other receivables	Carrying amount	Bad debts amounts	Provision (%)	Reason for provision
Chongqing Xiachade Circuit Board Co., Ltd.	3,000,000.00	3,000,000.00	100.00	Expected not recoverable
Total	3,000,000.00	3,000,000.00	—	—

Note: The total amount of individual insignificant receivables of which provision for bad debts is made on an individual basis is RMB14,555,111.028, within which the larger amount is RMB3,000,000.

(2) At end of the year, there was no counterparty holding 5% or more of the Company's voting shares included in other receivables.

(3) Nature of more substantial other receivables

Name	Amount	Nature
1. Chengdu Telecom Cable Shuangliu Heat Shrinkage Product Plant	20,138,625.14	Loan to related party
2. Chengdu Bada Connector Co., Ltd.	10,901,726.83	Loan to related party
3. Chengdu MCIL Radio Communications Co. Ltd	6,000,000.00	Loan to related party
Total	37,040,351.97	—

(4) Top 5 other receivables

Name	Relationship with the Company	Amount	Expiry period	Percentage of total other receivables (%)
1. Chengdu Telecom Cable Shuangliu Heat Shrinkage Product Plant	Related party	20,138,625.14	1–3 years	29.13
2. Chengdu Bada Connector Co., Ltd.	Related party	10,901,726.83	1–2 year	15.77
3. Chengdu Telecommunications Cable Factory	Non related party	8,391,138.00	Over 5 years	12.14
4. Chengdu MCIL Radio Communications Co. Ltd	Related party	6,000,000.00	1–2 years	8.68
5. Shenzhen Fuzhang Company	Non related party	3,566,915.53	Over 5 years	5.16
Total	—	48,998,405.50	—	70.87

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

XI. NOTES TO SIGNIFICANT ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. OTHER RECEIVABLES (CONTINUED)

(5) Other receivables due from related parties

Name	Relationship with the Company	Amount	Percentage of total other receivables (%)
1. Chengdu Telecom Cable Shuangliu Heat Shrinkage Product Plant	The Company's subsidiary	20,138,625.14	29.13
2. Chengdu Bada Connector Co., Ltd.	The Company's associate	10,901,726.83	15.77
3. Chengdu Telecommunications Cable Factory	The Company's subsidiary	6,000,000.00	8.68
4. Chengdu Peak Power Sources Co., Ltd.	The Company's associate	248,940.91	0.36
5. Putian Fasten Cable Telecommunication Co Ltd	The Company's subsidiary	25,895.51	0.04
Total	—	37,315,188.39	67.56

3. LONG-TERM EQUITY INVESTMENTS

(1) Details of long-term equity investments

Name of investee company	Measurement basis	Investment cost	Beginning of the year	Change	End of the year	Equity held by the Company (%)	Voting right held by the Company (%)	Details of difference between equity holding and voting right percentages held by the Company	Impairment	Impairment provided during the year	Cash dividend for the year
Chengdu Telecom Cable Shuangliu Heat Shrinkage Product Plant	Cost method	15,013,376.15	15,013,376.15		15,013,376.15	66.67	66.67				
Chengdu MCL Radio Communications Co., Ltd	Cost method	72,702,773.95	72,702,773.95		72,702,773.95	96.67	96.67				
Chengdu SEI Optical Fiber Co., Ltd	Cost method	70,424,819.71	70,424,819.71		70,424,819.71	60	60				
Sichuan New Dragon Network Technology Co., Ltd	Cost method	1,535,000.00	1,535,000.00		1,535,000.00	16.67	16.67		1,535,000.00		
Sichuan Cable Materials Plant	Cost method	125,903.35	125,903.35		125,903.35	30	30		125,903.35		
Chengdu South Star Thermo Power Co., Ltd	Cost method	5,000,000.00	5,000,000.00		5,000,000.00	7.14	7.14		5,000,000.00		
Shudu Mansion	Cost method	90,000.00	90,000.00		90,000.00				90,000.00		
Chengdu CCS Optical Cable Co., Ltd	Equity method	149,859,539.16	181,807,869.00	(181,807,869.00)	0						
Chengdu Peak Power Sources Co., Ltd	Equity method	2,340,000.00	1,610,504.40		1,610,504.40	50	50				
Chengdu Bada Connector Co., Ltd	Equity method	2,452,827.16	3,577,463.00	206,626.02	3,784,089.20	49	49				
Putian Fasten Cable Telecommunication Co Ltd	Equity method	0	45,000,000.00	180,000,000.00	225,000,000.00	45	45				
Total		319,544,239.48	396,887,709.56	(1,571,494.24)	395,286,466.76				6,750,903.35		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

XI. NOTES TO SIGNIFICANT ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. OPERATING INCOME AND OPERATING COSTS

(1) Details of operating income

Item	Current year	Prior year
Income from principal operations	155,935,436.02	126,236,087.35
Other operating income	27,011,127.17	33,889,330.93
Total operating income	182,946,563.19	160,125,418.28

(2) Details of operating costs

Item	Current year	Prior year
Costs for principal operations	183,938,274.37	148,630,134.87
Other operating costs	20,940,758.10	48,723,408.79
Total operating costs	204,879,032.47	197,353,543.66

(3) Analysis of principal operations by products

Name of products	Current year		Prior year	
	Income from principal operations	Costs for principal operations	Income from principal operations	Costs for principal operations
Plastic cable	2,872,867.26	6,107,344.76	4,679,381.72	3,830,082.42
Programme-controlled cable	2,347,202.23	4,430,465.60	10,267,909.74	18,428,990.72
Locomotive cable (Note 1)	25,695,811.80	40,944,459.95	12,450,276.73	16,885,806.97
Purchased cable and accessories	71,480,008.64	71,180,664.85	73,664,722.33	80,835,773.41
Other cables (Note 2)	21,675,865.84	22,810,569.33	25,173,796.83	28,649,481.35
Semi-finished cable	31,863,680.25	38,464,769.88		
Total	155,935,436.02	183,938,274.37	126,236,087.35	148,630,134.87

Note 1: Locomotive cable include transportation track cable, special cable, fabric electric wire, conductor and nuclear power cable.

Note 2: Other cables mainly include nano-coaxial cable, data cable, steel alloy belt, aluminium alloy belt, etc.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

XI. NOTES TO SIGNIFICANT ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. OPERATING INCOME AND OPERATING COSTS (CONTINUED)

(4) Analysis of principal operations by regions

Region	Current year		Prior year	
	Income from principal operations	Costs for principal operations	Income from principal operations	Costs for principal operations
Northern China	14,689,501.70	17,327,437.96	180,360.90	212,356.59
Eastern China	4,185,458.17	4,937,081.48	1,646,456.91	1,938,535.31
Southern China	64,802,799.39	76,440,066.47		
Central China	2,119,251.08	2,499,825.55	98,531,839.66	116,011,205.08
Southwestern China	70,136,382.94	82,731,453.34	25,838,279.55	30,421,942.36
Northwestern China	2,042.74	2,409.57	39,150.33	46,095.53
Total	155,935,436.02	183,938,274.37	126,236,087.35	148,630,134.87

(5) Operating income from top 5 customers

Customer	Operating income	Percentage to the Company's total operating income (%)
1. Shenzhen City ZTE Kangxun Telecom Co., Ltd.	64,802,799.39	41.56
2. Chengdu Bada Connector Co., Ltd	20,928,980.02	13.42
3. Deyang Hexing Copper Materials Trading Co., Ltd.	20,190,523.49	12.95
4. Chengdu CCS Optical Fiber Cable Co Ltd	15,695,846.80	10.07
5. CSR Investment & Leasing Co Ltd	11,581,436.66	7.42
Total	133,199,586.36	85.42

5. INVESTMENT INCOME

(1) Details of investment income

Item	Current year	Prior year
Investment income from long-term equity investments using cost method	9,000,000.00	6,000,000.00
Investment income from long-term equity investments using equity method	(11,636,582.71)	(16,957,923.46)
Investment income from disposal of long-term equity investments	116,479,839.73	(2,343,810.38)
Others	166,536.89	
Total	114,009,793.91	(13,301,733.84)

Note 1: Chengdu PUTIAN Telecommunications Cable Company Limited transferred its equity interest in Chengdu CCS Optical Cable Co., Ltd. for a consideration of RMB286,371,000.00. The beginning balance of the Company's long-term equity investment in Chengdu CCS Optical Cable Co., Ltd was RMB181,807,869.00. The loss from long-term equity investments from January 2013 to October 2013 was RMB11,843,208.73. RMB73,500.00 of equity changes previously recognised in capital reserve was transferred out. The Company recognised an investment gain of RMB 116,479,839.73 from the equity transfer. The investment loss for the year recognised using equity method is RMB 11,636,582.71.

XI. NOTES TO SIGNIFICANT ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

5. INVESTMENT INCOME (CONTINUED)

(2) Investment income from long-term investments measured using cost method

Investee	Current year	Prior year	Remark
Chengdu SEI Optical Fiber Co Ltd	9,000,000.00	6,000,000.00	
Total	9,000,000.00	6,000,000.00	

(3) Investment income from long-term equity investments measured using equity method

Investee	Current year	Prior year	Remark
Chengdu CCS Optical Cable Co., Ltd	(11,843,208.73)	(16,603,029.97)	
Chengdu Bada Connector Co., Ltd	206,626.02	(354,893.49)	
Total	(11,636,582.71)	(16,957,923.46)	

(4) Other items

There is no significant restriction on remittance of the Company's investment income.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

XI. NOTES TO SIGNIFICANT ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

6. SUPPLEMENTARY INFORMATION FOR THE CASH FLOW STATEMENT

Item	Current year	Prior year
1. Net profit reconciled to cash flows from operating activities:		
Net profit	5,604,745.67	(109,115,894.95)
Add: Provision for impairment of assets	33,075,693.72	773,878.71
Depreciation of fixed assets, petroleum assets and productive biological assets	21,029,242.15	17,506,125.45
Amortisation of intangible assets	1,080,916.44	1,080,916.44
Amortisation of long-term prepaid expenses		
Loss on disposal of fixed assets, intangible assets and other long-term assets ("()" represents gain)	(1,473,683.27)	51,691.15
Loss on fixed assets written off ("()" represents gain)		
Loss from changes in fair value ("()" represents gain)		
Finance costs ("()" represents gain)	304,744.28	134,902.27
Investment loss ("()" represents gain)	(114,009,793.91)	13,301,733.84
Decrease in deferred tax assets ("()" represents increase)	(4,126,908.69)	(108,107.20)
Increase in deferred tax liabilities ("()" represents decrease)	(118,965.60)	(98,654.40)
Decrease in inventories ("()" represents increase)	23,719,819.96	53,847,066.14
Decrease in operating receivables ("()" represents increase)	(561,662.98)	12,741,567.35
Increase in operating payables ("()" represents decrease)	24,852,306.27	(10,144,475.00)
Others		
Net cash flows from operating activities	(10,623,545.96)	(20,029,250.20)
2. Significant non-cash investing and financing activities		
Conversion of debts to capital		
Convertible bonds due within one year		
Fixed assets acquired under finance leases		
3. Changes in cash and cash equivalents		
Cash at end of the year	189,050,836.48	82,622,759.69
Less: Cash at beginning of the year	82,622,759.69	126,737,290.46
Add: Cash equivalents at end of year		
Less: Cash equivalents at beginning of the year		
Net increase in cash and cash equivalents	106,428,076.79	(44,114,530.77)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

XII. SUPPLEMENTARY INFORMATION

1. DETAILS OF NON-RECURRING PROFIT OR LOSS ITEMS DURING THE YEAR

According to "Notice on Explanation of Information Disclosure of Companies Publicly Issuing Securities No. 1 — Non-recurring Profit or Loss Items (2008)" (China Securities Regulatory Commission Announcement [2008] No.43") issued by China Securities Regulatory Commission ("CSRC"), the Company's non-recurring profit or loss items are as follows:

Item	Amount	Note
1. Profit or loss on disposal of non-current assets, including reversal of provision for impairment on assets	117,991,043.85	
2. Tax rebate or reduction approved by incompetent authorities, without official approval documents or on an occasional basis		
3. Government grants recognised in current year's profit or loss (excluding those grants closely related to the entity's business and entitled according to the state unified standard amount or quantity)	4,732,048.90	
4. Capital occupation fee received from non-financial institutions and recognised in profit or loss for the year	4,235,634.85	
5. Income representing the excess of the entity's investment cost in acquiring subsidiaries, associates and jointly controlled entities over the entity's share in the net identifiable assets of the investees		
6. Profit or loss from exchange of non-monetary assets		
7. Profit or loss from entrusted investments or assets management		
8. Provision for impairment on assets due to force majeure factors such as natural disaster		
9. Profit or loss from debt restructuring		
10. Entity restructuring costs such as staff costs, restructuring expenses, etc		
11. Profit or loss arising from the excess of transacted amounts of non-arm's length transaction over the fair value of arm's length transaction		
12. Net profit or loss from subsidiaries acquired from business combinations involving entities under common control		
13. Profit or loss arising from contingencies not related to the principal operations of the entity		
14. Fair value change from held-for-trading financial assets and financial liabilities and investment income from disposal of held-for-trading financial assets and financial liabilities and available-for-sale financial assets, except for effective hedging business related to the entity's normal operations		
15. Reversal of impairment provision on receivables of which the impairment assessment was done on an individual basis		
16. Profit or loss from entrusted loans	614,166.67	
17. Profit or loss arising from changes in fair value of investment properties using fair value model for subsequent measurement		
18. One-time adjustment to current year's profit or loss according to tax and accounting laws and regulations		
19. Entrusted fee income obtained from entrusted operations		
20. Other non-operating income and expenses other than the above items	202,510.27	
21. Other profit or loss items that fall into the definition of non-recurring profit or loss	865,878.42	
22. Effect of minority interests	(3,998,072.13)	
23. Effect of income tax	(18,453,466.58)	
Total	106,189,744.25	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

XII. SUPPLEMENTARY INFORMATION (CONTINUED)

2. RETURN ON ASSETS AND EARNINGS PER SHARE

(1) Current year

Profit for the year	Return on weighted average net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the ordinary shareholders of the Company	(0.05)	(0.0013)	(0.0013)
Net profit after deduction of non-recurring profit or loss items attributable to the ordinary shareholders of the Company	(0.71)	(0.2668)	(0.2668)

(2) Prior year

Profit for the year	Return on weighted average net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the ordinary shareholders of the Company	(0.05)	(0.24)	(0.24)
Net profit after deduction of non-recurring profit or loss items attributable to the ordinary shareholders of the Company	(9.79)	(0.25)	(0.25)

3. ANALYSIS OF THE ABNORMAL ITEMS OF THE FINANCIAL STATEMENTS

(1) Consolidated balance sheet

Item	End of the year	Beginning of the year	Changes	Change %	Remark
Monetary funds	379,793,686.19	219,904,310.13	159,889,376.06	72.71	Note 1
Accounts receivables	272,577,132.00	100,375,592.35	172,212,792.55	171.56	Note 2
Fixed assets	573,592,459.75	386,065,150.35	187,525,991.92	48.57	Note 2
Intangible assets	119,444,182.80	37,612,043.22	81,832,139.58	217.57	Note 2
Short-term loans	225,000,000.00	11,000,000.00	214,000,000.00	1945.45	Note 2
Accounts payables	162,713,039.47	66,971,873.01	95,741,166.46	142.96	Note 2

Note 1: Monetary funds as at 31 December 2013 increased by 72.71% comparing to 31 December 2012. This was mainly due to the proceeds from disposal of jointly controlled entity and the consolidation of new subsidiary, Putian Fasten Cable Telecommunications Co. Ltd.

Note 2: When comparing the balances as at 31 December 2013 and 31 December 2012, accounts receivables increased by 171.56%, fixed assets increased by 48.57%, intangible assets increased by 217.57%, short-term loans increased by 1,945.45% and accounts payables increased by 142.96%. The main reason was due to the consolidation of new subsidiary, Putian Fasten Cable Telecommunications Co. Ltd.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2013 (Expressed in RMB Yuan unless otherwise stated)

XII. SUPPLEMENTARY INFORMATION (CONTINUED)

3. ANALYSIS OF THE ABNORMAL ITEMS OF THE FINANCIAL STATEMENTS (CONTINUED)

(2) Consolidated statement of comprehensive income

Item	End of the year	Beginning of the year	Changes	Change (%)	Remark
Operating income	915,481,305.70	498,057,297.73	417,424,007.97	83.81	Note 1
Operating costs	828,057,740.50	465,464,981.96	362,592,758.54	77.90	Note 1
Business tax and surcharge	4,456,645.73	2,675,452.92	1,781,192.81	66.58	Note 1
Selling expenses	45,330,307.89	32,613,638.73	12,716,669.16	38.99	Note 1
Administrative expense	111,113,769.47	81,212,625.13	29,901,144.34	36.82	Note 1
Assets impairment loss	31,518,411.92	(598,261.05)	32,116,672.97	(5,368.34)	Note 1
Investment income	105,623,960.58	(7,957,199.23)	113,581,159.81	(1,427.40)	Note 2
Other operating income	6,818,383.39	4,913,743.27	1,904,640.12	38.76	Note 1

Note 1: When comparing the balances of year 2013 to year 2012, operating income increased by 83.81%, operating costs increased by 77.90%, business tax and surcharge increased by 66.58%, selling expenses increased by 38.99%, administrative expenses increased by 36.82%, assets impairment loss increased by 5368.34% and other operating income increased by 38.76%. The main reason was the consolidation of the new subsidiary, Putian Fasten Cable Telecommunication Co. Ltd.

Note 2: Investment income of year 2013 increased by 1427.40% when comparing with year 2012. The main reason was the proceeds received from disposal of jointly controlled entity.

XII. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 28 March 2014. According to the Company's Memorandum and Articles of Associations, these financial statements will be laid for approval in the shareholders' meeting.

Chengdu PUTIAN Telecommunication Cable Company Limited
28 March 2014

CORPORATE INFORMATION

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*)
Ping Hao (*Vice Chairman*)
Cong Huisheng
Chen Ruowei
Du Xinhua
Fan Xu

INDEPENDENT NON-EXECUTIVE DIRECTORS

Choy Sze Chung, Jojo
Li Yuanpeng
Xiao Xiaozhou

SUPERVISORS

Zheng Zhili
Xiong Ting
Dai Xiaoyi

COMPANY SECRETARY

Kwong Yin Ping, Yvonne

QUALIFIED ACCOUNTANT

Yu Qian

AUTHORIZED REPRESENTATIVES

Ping Hao
Kwong Yin Ping, Yvonne

BOARD COMMITTEES

AUDIT COMMITTEE

Choy Sze Chung, Jojo (*Chairman*)
Li Yuanpeng
Xiao Xiaozhou

REMUNERATION AND APPRAISAL COMMITTEE

Choy Sze Chung, Jojo (*Chairman*)
Li Yuanpeng
Xiao Xiaozhou
Cong Huisheng
Du Xinhua

NOMINATION COMMITTEE

Li Yuanpeng (*Chairman*)
Choy Sze Chung, Jojo
Xiao Xiaozhou
Chen Ruowei
Fan Xu

STRATEGIC DEVELOPMENT COMMITTEE

Zhang Xiaocheng (*Chairman*)
Ping Hao
Choy Sze Chung, Jojo
Li Yuanpeng
Xiao Xiaozhou

REGISTERED ADDRESS AND OFFICE ADDRESS OF THE COMPANY IN THE PRC

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BUSINESS REGISTRATION NUMBER

No. 1972 of Qi He Chuan Rong Zong Zi

TAXATION REGISTRATION NUMBER

51010920193968x

CORPORATE INFORMATION (Continued)

PLACE OF LISTING OF H SHARES

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Stock Code: 1202

AUDITOR

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Postal Code: 100083

LEGAL ADVISERS

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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
Rooms 1712-1716, 17th Floor,
Hopewell Centre,
183 Queen's Road East,
Wanchai,
Hong Kong

ADDRESS FOR INSPECTION OF CORPORATE DATA

The Office of the Board
Chengdu PUTIAN Telecommunications Cable Company
Limited
No. 18, Xinhang Road,
The West Park of Hi-tech Development Zone,
Chengdu, Sichuan Province,
The PRC

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 noon
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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Email: cdc@cdc.com.cn