

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



2014 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

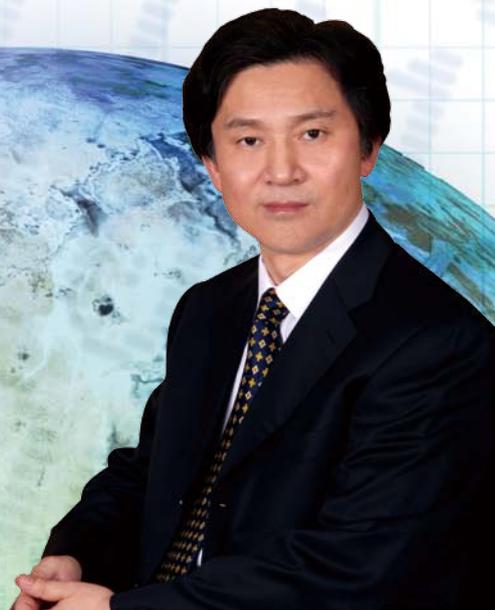
	2014 RMB'000	2013 RMB'000
Operating income	945,461	915,481
Operating profit/(loss)	(46,989)	734
Share of profit/(loss) of associates	177	207
Profit/(loss) before income tax	(37,181)	7,204
Profit/(loss) attributable to equity holders of the Company	(29,504)	(527)
Basic earnings/(loss) per share	RMB(0.07)	RMB(0.27)

SUMMARY OF NET ASSETS

	31 December 2014 RMB'000	31 December 2013 RMB'000
Total assets	1,987,449	1,956,253
Total liabilities	666,532	561,803
Total net assets	1,320,917	1,394,450
Net assets per share*	RMB2.42	RMB2.51

* Net assets per share as at 31 December 2014 is calculated on the basis of net assets attributable to the owners of the Company of RMB967,756,026.65 (2013: RMB1,002,419,794.26) and the total number of issued shares of 400,000,000 shares (2013: 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 2014 (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 Group's loss before tax was approximately RMB37,180,844.49 and loss attributable to Shareholders amounted to approximately RMB29,504,428.64. Basic loss per share of the Group was approximately RMB0.07.

In 2014, the Company carried out its new operation mode, restructuring and transformation and maintained its growth in full compliance with requirements of the SASAC. The focus of its mission and deployment was on "refining management and carrying out reform for transformation and improvement" in each task. This year, despite the pressure of fierce competition, the Company improved its operating results in the second half of the Year and minimised the annual loss through continuous cost reduction and efficiency enhancement, product structure optimization, better budget management and tighter risk control.

2015 is the final year of the Company's 2013-2015 three-year strategic planning. The Company will adhere to its operation principles to strengthen the internal control and operation to facilitate innovation and improvement. It will also adhere to its designated targets with sophisticated deployment and efficient implementation.

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

20 March 2015

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

(1) Putian Fasten Cable Telecommunication Co., Ltd. ("Putian Fasten"): In respect of market development, its expansion in public telecommunication market boosted the sales volume of its fiber optic cable by 10% to 20% as compared with the corresponding period of the previous year. Although the sales of fiber reached its record high, the turnover was far below the target due to falling prices and the failure in the bidding of China Mobile. In respect of product research and development, Putian Fasten has completed the installation and trial test of key equipment for the supplementary project of 20 tonnes optical wands. Due to the sophisticated manufacturing

process and equipment of 120mm wand, the passing rate and completion rate of fiber connection fulfilled the basic requirements. Putian Fasten accelerated the transformation of the major furnace of Tower N, an important equipment of the wand, and developed the simplified fiber. Through enhancing the passing rate and quantity of self-developed optical wand with advanced technology, the cost of self-developed optical wand decreased by approximately 5%.

(2) Chengdu SEI Optical Fiber Co., Ltd. ("Chengdu SEI"): In respect of market development, Chengdu SEI strictly implemented the strategy formulated in the beginning of the year. Structure of product sales and customer base was optimised. Also, it increased the sales proportion of products with higher gross profit and the segment market share with higher product price in order to increase the average price of general products and recover the adverse impacts of certain fiber market brought by falling prices due to excessive production capacity.



2. Copper cables business segment

- (1) Electrical Equipment and cable department (“Electrical Equipment Department”): Hampered by market entry accreditation, the budget indicators such as sales and profit were below expectation. However, CRCC accreditation and key market business laid a solid development foundation. In respect of product research and development, two types of thermal cable used in railway transportation and aviation sector were developed. Production and manufacturing process of nuclear power wand were refined to enhance one-off passing rate and lower material consumption. Efficient material procurement management was ensured through procuring plastic materials at specific place for lower procurement cost.
- (2) Chengdu Zhongling Radio Communications Co., Ltd. (“CMRC”): In view of its diminishing share in the operator market, CMRC strived to develop the integrator and OEM markets. In respect of product research and development, CMRC enhanced the capability and production capacity of -12 super soft cable by improving equipment and manufacturing processes according to market development needs.
- (3) Chengdu Bada Connector Co., Ltd (“Bada Company”): In respect of market development, Bada Company recorded significant increase in sales revenue due to increased production of components and cables driven by the development of 4G as well as punctual delivery. In respect of production, Bada Company developed an integrated production model of programme-controlled cable, data cable, electricity cable and cable components.

3. Other business segments

- (1) Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant (“Shuangliu Heat Shrinkable”): Shuangliu Heat Shrinkable increased the market share of domestic natural gas and developed new market of drainage pipe. Shuangliu Heat Shrinkable expanded its export channels by appointing experienced trading companies to export products overseas through the internet. It also refined the product specifications and structure to lower cost.
- (2) Research and Development Centre: Focusing on the research and development of new electrical cable products, new materials and new equipment of the Company, the research and development centre fully utilised internal and external resources for innovation in order to facilitate project research and development.

II. Strengthening General Management

1. Human resources management

The Company continued to restructure its organisation, assign job duties and refine remuneration. The Company reduced its corporate departments from 30 to 21. Also, the Company refined remuneration according to the results and on an efficient, fair and management-oriented basis in order to motivate the incentive of all employees.

2. Investment and financing cooperation

The Company evaluated several potential investment projects so as to make sufficient research preparation.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

3. Internal control

Contract evaluation was carried out positively & strictly to control legal risks relating to economic contracts and complete legal compliance. The Company strengthened its legal risk prevention system to efficiently resolve significant legal disputes.

4. Budget management

Reimbursement of daily expenses shall ensure all the expenses are made within budget. The Company managed all existing businesses in strict compliance with the annual budget plan. In respect of the income and expenses excluded in the budget, the relevant business shall be consolidated into the account by the financial department after the preparation of the respective budget.

5. Risk control management

The newly established operation management department of the Company monitored the business activities of all operation units and controlled operation risk involved in operation procedures. It also further regulated the sales contracts and procurement contracts under the new working procedures.

During the Year, the turnover of the Company was RMB212,467,692.65, representing an increase of 16.14% as compared with the corresponding period of the Previous Year. Chengdu SEI, a company in which the Company owns 60% equity interest, recorded a turnover of optical fiber of RMB186,729,931.22, representing an increase of 16.58% comparing with the corresponding period of the Previous Year; Shuangliu Heat Shrinkable, a company in which the Company owns 66.7% equity interest, recorded a turnover of heat shrinkable joining sleeves of RMB42,523,619.13, representing a decrease of 30.42% comparing with the corresponding period of the Previous Year; CMRC, a company in which the Company owns 96.67% equity interest, recorded a turnover of wire feed cable of RMB51,353,076.42, representing a decrease of 43.66% comparing with the corresponding period of the Previous Year; Putian Fasten, a company in which the Company owns 45% equity interest, recorded a turnover of optical fibre and cable of RMB482,522,581.38, representing an increase of 11.32% comparing with the corresponding period of the Previous Year.

Net loss attributable to equity holders of the Company

The net loss attributable to equity holders of the Company for the Year amounted to RMB29,504,428.64, while a net loss of RMB527,216.49 was attributable to equity holders of the Company for the Previous Year.

FINANCIAL ANALYSIS

Turnover

During the Year, the turnover of the Group amounted to RMB945,460,888.72, representing an increase of 3.27% as compared with RMB915,481,305.70 for the year ended 31 December 2013 (the "Previous Year").

RESULTS ANALYSIS

As at 31 December 2014, the Group's total assets was RMB1,987,449,063.43, representing an increase of 1.59% as compared with RMB1,956,252,966.27 as at the end of the Previous Year. Current assets totalled RMB1,209,874,625.00, accounting for 60.88% of the total assets and representing a decrease of 3.95% as compared with RMB1,163,926,702.84 as at the end of the Previous Year. Property, plant and equipment totalled RMB560,795,807.80, accounting for 28.22% of the total assets and representing a decrease of 3.42% as compared with RMB580,639,862.10 as at the end of the Previous Year.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

As at 31 December 2014, the Group's total liabilities amounted to RMB666,531,995.01; total liability-to-total asset ratio was 33.54%; bank and other short-term loans were RMB200,000,000.00, representing a decrease of 11.11% as compared with RMB225,000,000.00 as at the end of the Previous Year. During the Year, the Group did not arrange other capital raising activities.

As at 31 December 2014, the Group's bank deposits and cash totalled RMB275,779,836.62, representing a decrease of 27.39% as compared with RMB379,793,686.19 as at the end of the Previous Year.

During the Year, the Group's selling expenses, administration expenses and finance income amounted to RMB38,823,775.01, RMB101,485,731.50 and RMB2,832,693.39 respectively, representing a decrease of 14.35%, a decrease of 8.67% and an increase of RMB2,939,407.49 respectively as compared with RMB45,330,307.89, RMB111,113,769.47 and RMB-106,714.10 respectively in the Previous Year.

As at 31 December 2014, the Group's accounts and bill receivables amounted to RMB373,667,184.47 and RMB111,630,904.90 respectively, representing increases of 37.09% and 30.49% respectively as compared with RMB272,577,132.00 and RMB85,549,034.50 respectively as at the end of Previous Year.

Analysis of Capital Liquidity

As at 31 December 2014, the Group's current assets amounted to RMB1,209,874,625.00 (2013: RMB1,163,926,702.84), current liabilities were RMB573,861,647.31 (2013: RMB458,158,066.17), the annual receivables turnover period was 142.29 days and the annual inventory turnover period was 145.75 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 2014, the Group's bank and other short-term loans were RMB200,000,000.00. As the Group had comparatively sufficient bank deposits and cash with a amount of RMB275,779,836.62, the Group does not have short-term solvency risk.

Non-current Liabilities or Loan

As at 31 December 2014, the outstanding amount of the Group's long-term loan incurred as a result of the purchase of a French accelerator was RMB8,050,174.78 (equivalent to 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 Group 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 the relevant legal requirements. In addition, in order to ensure the proper utilisation 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 RMB804,722,584.32 during the Year (2013: RMB996,614,448.38, representing a decrease of RMB191,891,864.06).

During the Year, the Group spent RMB37,835,550.09 (2013: RMB121,601,015.23, representing a decrease of RMB83,765,465.14) for the purchase of property, plant and equipment and the construction in progress.

As at 31 December 2014, the Group's total liabilities and equity interests amounted to RMB1,987,449,063.43 (2013: RMB1,956,252,966.27). The Group's interest expenses was RMB13,372,489.58 for the Year (2013: RMB8,972,851.92).

Contingent Liabilities

As at 31 December 2014, the Group did not have any contingent liabilities (2013: Nil).

BUSINESS OUTLOOK

The operation principles of the Company in 2015 are to strengthen the internal control and operation to facilitate innovation and improvement.

I. Strengthening fundamental management through internal control

1. Strengthening the corporate management in connection with budget, operation and production.

The Company will closely monitor, analyse and review its budget implementation. Regular analysis of comprehensive budget management will be further enhanced to clearly reflect operation details, minimize deviation of strategy implementation and ensure the completion of significant tasks. The Company will establish a real-time alert mechanism for the deviation of strategy implementation and a joint monitoring mechanism for the implementation of reform.

2. Optimising the human resources management mechanism through effective assessment, incentive mechanism and staff training.

The Company will improve its employee performance assessment by further streamlining the positions and the relevant assessment indicator system. The Company will implement different assessment methods for different positions in order to minimize the remuneration difference of the same position and enhance the scientific procedures and effectiveness of performance assessment and incentive mechanism. The market competitiveness of employee remuneration will be strengthened to facilitate the development of employees and the Company.

3. Strengthening investment management by optimising resources allocation.

The Company will strengthen the supervision, analysis and guidance of daily operation of investees. Frequency and analysis of supervision will be increased to closely monitor the budget deviation of investees. Alert and guidance will be provided in the event of the downturn of business operation.

4. Reinforcing fundamental management and risk prevention.

The Company will strictly comply with the relevant risk control requirements and conduct risk analysis and assessment on its operation. Efforts will be made to strengthen regular auditing, monitoring efficiency and risk control capability. The Company will also enhance its legal compliance and legal management in order to protect the interest of the Company. Financial and legal assessments will be tightened to prevent all kinds of risks.

5. Enhancing production safety

Leaders of each operating entity will attach great importance to production safety in line with the requirements of the party and the government as well as the development of the Company and the society. The Company will carry out production in strict compliance with its safety system to prevent production incidents and ensure safe production and operation.

6. Strengthening technological management such as technology projects, standards, patents and qualification to optimize its overall technological competitiveness and provide effective support for production and operation.

II. Enhancing operation and integrating dominant resources to raise competitiveness in the industry.

The Company will adhere to its strategies in its pursuit of efficient business and capital development and optimal business structure.

Optical telecommunication business

The Company will seek to solve the specific problems which impair the integrated effects of cable telecommunication business while improving operation quality to adapt to market changes. 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. The Company will also enhance cost management and consolidate business foundation for better profitability.

Electrical cables business

The Company will strive for the completion of CRCC accreditation to boost sales in the large-scale railway market. Promotion efforts will be made for wind and nuclear power products. Higher revenue will be generated from its processing business by sending its production capacity into full swing. Emphasis will be placed on establishing key customer base to break through the bottleneck of sales. The Company will further develop the integrator and Original Equipment Manufacturer (OEM) markets and enhance its business structure for sustainable growth. The Company will also actively seek foreign cooperation opportunities and develop new markets to extend business cooperation with efficient use of existing resources. As such, its business development will be boosted.

Other business

The Company will maintain stable growth in the local natural gas market. Sales of the large drainage pipes market will be further increased. It will also actively participate in large-scale petroleum pipeline tendering projects of enterprises such as CNPC to secure larger market share.

III. Pursuing innovation and accelerating corporate reform.

1. Integrating technology innovation and business development under the leadership of the research and development center.

With stronger integration of corporate research and business development based on market demands, the Company will enjoy the economy of scale for its business growth. Leveraging the strengths of its research and development center, the Company seek market opportunities in line with its business development. The Company will take initiatives to ensure efficient technological projects and quality products. To enhance its industrial chain competitiveness, the Company will turn its core technology, products and application into its distinctive competitive edges. Project assessment system will also be set up.

2. Changing management directions in line with innovative development model.

To further carry out its reform, the Company will strengthen its management innovation and improve its existing management mechanism to create an energetic and innovative operation environment. Driven by both internal growth and external development, its internal capacity will be enhanced and management philosophy will be adjusted in response to fierce market competition. Joint venture and cooperation will be adopted to cope with insufficient financing for business development. Capitalising on its investment platforms and capital sources, the Company will allocate more resources to profitable businesses. Its corporate standards will be enhanced in line with the leading enterprises in the industry. The Company will identify its strengths and weaknesses to ensure efficient problem-solving, effective decision-making and better core competitiveness.

3. Assessment and innovation.

A comprehensive assessment and incentive system will be set up based on market trend and the development needs of the Company. Firstly, the Company will strengthen the assessment of its investees (business department) and ensure that their remunerations are logical and reasonable. Through linking salaries with operation results, its sales teams will be encouraged to strive for higher sales. Secondly, the Company will carry out integrated assessment on each functional department based on factors such as responsibilities, undertakings, work schedule and skills.

REPORT OF THE DIRECTORS

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

RESULTS AND DISTRIBUTION

1. The results of the Group are set out in the consolidated income statement on pages 46 to 47 of this annual report.
2. The financial position of the Group as at 31 December 2014 are set out in the consolidated balance sheet on pages 42 to 45 of this annual report.
3. The changes in equity of the Group are set out in the consolidated statement of changes in equity on page 50 of this annual report.
4. The cash flows of the Group are set out in the consolidated cash flow statement on pages 48 to 49 of this annual report.
5. The Company implemented profit distribution proposal: the Board does not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: Nil).

FINANCIAL HIGHLIGHTS

The following is the financial highlights of the Group for the five years ended 31 December 2014 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.

	2014	2013	2012	2011	2010
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Operating income	945,461	915,481	498,057	587,094	525,614
Profit/("–"represents loss) before income tax	-37,181	7,204	-83,188	-56,509	93,651
Income tax (credit)/expense	-3,803	169	-5,352	-7,224	-806
Profit/("–"represents loss) for the Year	-40,984	7,373	-88,540	-63,733	92,845
Of which:					
Profit/("–"represents loss) attributable to equity holders of the Company	-29,504	-527	-97,714	-66,045	87,035
Minority interests	-11,480	7,900	9,174	2,311	5,811
Total assets	1,987,449	1,956,253	1,314,872	1,403,396	1,490,675
Total liabilities	666,532	561,803	224,363	221,716	235,561
Minority interests	353,161	392,031	86,814	81,640	81,692
Total net assets	1,320,917	1,394,450	1,090,509	1,181,680	1,255,114

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 XIII.(II) to the financial statements on page 136 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(%)	
	2014	2013
Purchase		
Single largest supplier	25	16
Five largest suppliers	82	48
Sales		
Single largest customer	9	7
Five largest customers	16	8

As far as the directors of the Company (the "Directors") 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.

SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2014 are set out in note VII.(l) to the financial statements on page 119 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.(l) 12–14 respectively to the financial statements on pages 94 to 99 of this annual report respectively.

SHARE CAPITAL

Details of the share capital of the Company are set out in note V.(l) 27 to the financial statements on page 106 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 2014 up to the date of this annual report.

RESERVE

Details of changes in reserve for the Year of the Group are set out in notes V. (l) 28 to 31 to the financial statements for the Year from page 106 to page 109.

OVERDUE TIME DEPOSITS

As at 31 December 2014, 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

According to the document of High-tech Enterprises Recognition Committee of Sichuan Province (Chuangaoqiren [2014] No.6), the Company's subsidiaries, Shuangliu Heat Shrinkable, Chengdu SEI and CMRC, were recognised as high-tech enterprises and enjoyed the high-tech enterprises preferential tax rate of 15% for a period of three years from 2014 to 2016.

According to the document of High-tech Enterprises Recognition and Management Coordination Group of Jiangsu Province (Sugaoqixie [2012] No.22), Jiangsu Fasten Photonics Co., Ltd., a subsidiary of the Company, was recognised as third batch high-tech enterprises (Certificate number GF201232000809) for a period of three years after re-examination and is subject to enterprises income tax rate of 15% starting from 1 January 2012.

MARKET RISKS

The Group is exposed to various types of market risks, including fluctuation 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 copper prices and prices of other commodities. This is due to the fact that the Group generates all of its revenue and profit from the PRC. The Group does not enter into commodity derivative instruments or futures to hedge 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 creditability 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 based on payment history and the customer's current credit-worthiness, as determined by the review of its current credit information.

The Group continuously monitors collections from its customers and maintains a provision for estimated impairment for credit loss based upon its historical experience and any specific customer collection issues that it has identified. Impairment for trade receivables has historically been within the management's expectation and the Group will continue to monitor the collections from customers and maintain an appropriate level of credit losses. 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 financial institutions and customers. 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 with good reputation.

The Group does not provide any guarantees to cooperative manufacturers 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 the adequacy of 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 from certain cash holdings through placing them into a fixed rate time deposit and manages the exposure from all of its interest-bearing loans through the use of fixed rates.

FOREIGN EXCHANGE RISK

All of the Group's transactions are carried out in RMB. The fluctuation of the RMB/USD exchange rate may affect the international and local copper 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. However, 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 2014 are as follows:

Classification	Number of Shareholders
State-owned legal person shares	1
Overseas listed foreign invested shares – H Shares	209
Total number of Shareholders	210

SHAREHOLDING OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2014, 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 155,336,998 H Shares of the Company, representing 38.83% of the total issued share capital of the Company. At the end of the Year, HKSCC held 155,668,998 H Shares of the Company, representing 38.92% of the total issued share capital of the Company.

As at 31 December 2014, 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 2014, 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	13,013,100	8.13%	3.25%
CITIC Securities Brokerage (HK) Limited	12,219,000	7.63%	3.05%
BOCI Securities Limited	10,957,000	6.84%	2.74%
Bank of China (Hong Kong) Limited	10,258,000	6.41%	2.56%

Save as disclosed above, as at 31 December 2014, 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 available to the Company and to the best 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
Wang Micheng (appointed on 12 March 2015)
Ping Hao (resigned on 12 March 2015)
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

REPORT OF THE DIRECTORS (Continued)

On 12 March 2015, the Company approved the resignation of Mr. Ping Hao as executive Director of the Company. On the same day, the Board of the Company approved the nomination of Mr. Wang Micheng as an executive Director of the Company. According to the Articles of Association, the Board shall have the power to appoint any person as Director to fill a casual vacancy of or as an additional Director to the Board. The Director so appointed shall hold office until the next annual general meeting of the Company and shall be eligible for re-election. Accordingly, the Board has resolved to submit the proposal as an ordinary resolution at the annual general meeting to approve the re-election of Mr. Wang as an executive Director and to fix his remuneration. Mr. Wang was also elected as the vice chairman, and appointed as a member of the strategic development committee and an authorized representative of the Company.

PROFILE OF DIRECTORS, SUPERVISORS, COMPANY SECRETARY AND SENIOR MANAGEMENT

1. DIRECTORS

Executive Directors

Mr. Zhang Xiaocheng, aged 58, has a master's degree in business administration and is a senior economist. He is 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. Wang Micheng, aged 48, has a Master's degree in Business Administration from China Europe International Business School and a Bachelor's degree in Arts from Hangzhou University. He is currently a director, vice chairman, general manager and secretary of the party committee of Hangzhou HONYAR Electrical Co., LTD (杭州鴻雁電器有限公司), and concurrently serves as an executive director (legal representative) of Putian Intelligent Lighting Research Institute Co., Ltd. (普天智能照明研究院有限公司). Since August 1988, Mr. Wang served at Hangzhou HONYAR Electrical Co., LTD (杭州鴻雁電器有限公司) as secretary to general manager, deputy manager of the marketing department, deputy manager of the public relations department, office director and manager of the marketing department, assistant to general manager and office director, manager of the public relations department, deputy general manager and manager of the plastic business department, and executive deputy general manager and manager of the plastic business department. Mr. Wang has over twenty years of extensive experience in corporate management.

Mr. Cong Huisheng, aged 61, 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 general manager of Chengdu Yintong Information and Technology Co., Ltd. (普天銀通信息科技有限公司), 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.

REPORT OF THE DIRECTORS (Continued)

Mr. Chen Ruowei, aged 53, 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 general manager of business 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.

Mr. Du Xinhua, aged 50, 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, a supervisor of China Potevio, 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 39, 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.

REPORT OF THE DIRECTORS (Continued)

Independent Non-executive Directors

Mr. Choy Sze Chung, Jojo, aged 56, 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 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 four 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), Sparkle Roll Group Limited (耀萊集團有限公司) (stock code: 00970), Orient Securities International Holdings Limited (stock code: 08001) and Luye Pharma Group Ltd. (stock code: 02186). 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 75, has a bachelor's degree. He is 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.

Mr. Xiao Xiaozhou, aged 60, has a bachelor's degree in engineering from Southwest Jiaotong University. He is 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.

REPORT OF THE DIRECTORS (Continued)

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 service contract entered into between Mr. Wang Micheng and the Company is effective from 12 March 2015 to the date of the annual 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 55, is 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) 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 52, obtained a bachelor's degree in university. He is 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 41, 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 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 47, completed university education and is 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 45, a postgraduate, is 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 2014, the Group had 1,998 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 technical trainings to its staff.

EMPLOYEE PENSION SCHEME

According to the "Labor Law of the People's Republic of China" and the relevant laws and regulations, the Company and its subsidiaries shall contribute to basic pension insurance for their employees. Pension will be paid by authorities of social insurances to employees in accordance with the law when such employees reach the retirement age stipulated by the nation or leave the labour force for some reasons. The Company and its subsidiaries will then be no longer responsible for providing further retirement benefits to the employees.

BASIC MEDICAL INSURANCE SCHEME FOR EMPLOYEES

The Company has participated in the basic medical insurance scheme for employees in Chengdu since October 2002 and has made a total contribution amounting to approximately RMB5,440,000 in the Year (2013: RMB5,010,000). The Board considered that the implementation of the basic medical insurance scheme for employees had 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.

REPORT OF THE DIRECTORS *(Continued)*

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 2014, 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).

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, SUPERVISORS AND SENIOR MANAGEMENT

Details about the remuneration of Directors, Supervisors and Senior Management are set out in note X.(II) 6 to the financial statements on pages 132 and 133 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 X.(II) 7 to the financial statements on page 133 of this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the year ended 31 December 2014, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

REPORT OF THE DIRECTORS *(Continued)*

BANK AND OTHER BORROWINGS

Details of the bank and other borrowings of the Group are set out in note V.(I) 18, 24, 25 to the financial statements on pages 101, 104 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 (2013: the Group did not obtain any loan from banks which was secured by the Group's assets).

At 31 December 2014, the Group did not pledge any land use right as security (2013: 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 2014, the Group did not issue any convertible securities, share options, warrants or relevant entitlements.

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.

CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE CODE

During the Year, the Company has complied with the provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules. Details of compliance are set out in the corporate governance report.

Besides, the Company strives to improve the insufficiencies of continuing connected transactions and information disclosure of 2013 and 2014. The continuing connected transactions which were not duly disclosed were mostly related to the purchase or sales of optic fibres and relevant products with connected persons. Failure to make timely disclosure was mainly due to insufficient internal communications for making timely report. Pursuant to Chapter 14 of the Listing Rules, certain related party transactions disclosed in note X.(II) to the financial statements also constitute continuing related party transactions. The Board is of the view that all transactions were conducted on normal commercial terms, in the ordinary business of the Group and were fair and reasonable. The Company has conducted special review and trainings on approaches relating to the connected transactions to prevent the occurrence of similar incidents. With regard to the continuing connected transactions that were not duly disclosed in 2013 and 2014, the Company is arranging to make a separate announcement and seek independent shareholders' approval and confirmation.

REPORT OF THE DIRECTORS *(Continued)*

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 to the Listing Rules as the code of conduct regarding securities transactions by the directors and supervisors of the Company.

After specific enquiries to the directors and supervisors of the Company, the Board confirmed that all directors and supervisors had fully complied with the codes as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules during the Year.

AUDIT COMMITTEE OF THE BOARD (“AUDIT COMMITTEE”) AND REVIEW OF THE ANNUAL RESULTS

The Company established the Audit Committee in accordance with the Listing Rules. The members of the Audit Committee comprises Mr. Choy Sze Chung, Jojo (Chairman of the Audit Committee), Mr. Li Yuanpeng and Mr. Xiao Xiaozhou, all being the independent non-executive directors of the Company. The Audit Committee is responsible for matters such as conducting reviews of the internal control and financial reports and has reviewed the Company's audited financial statements and annual results for 2014.

The Audit Committee considered that the audited financial statements and annual results of the Company for 2014 were in full compliance with the requirements of the applicable accounting standards, laws and regulations and appropriate disclosure was made.

AUDITORS

For the announcement on 22 August 2014, Daxin Certified Public Accountants (“Daxin”) have provided audit services to the Company for some years. According to the Central Enterprises Financial Audit Working Rules issued by the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China relating to continuing audit services provided by the same firm of certified public accountants, Daxin have resigned as auditors of the Company after having completed the review of the interim results of the Company and its subsidiaries for the six months ended 30 June 2014, with effect from 23 August 2014.

In accordance with the Articles of Association of the Company, the Board has appointed Pan-China Certified Public Accountants as auditors of the Company with effect from 23 August 2014 to fill the casual vacancy following the resignation of Daxin until the conclusion of the next annual general meeting of the Company.

The auditors will retire at the forthcoming annual general meeting and is eligible for re-appointment in the forthcoming annual general meeting.

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, Pan-China Certified Public Accountants.

By order of the Board
Zhang Xiaocheng
Chairman

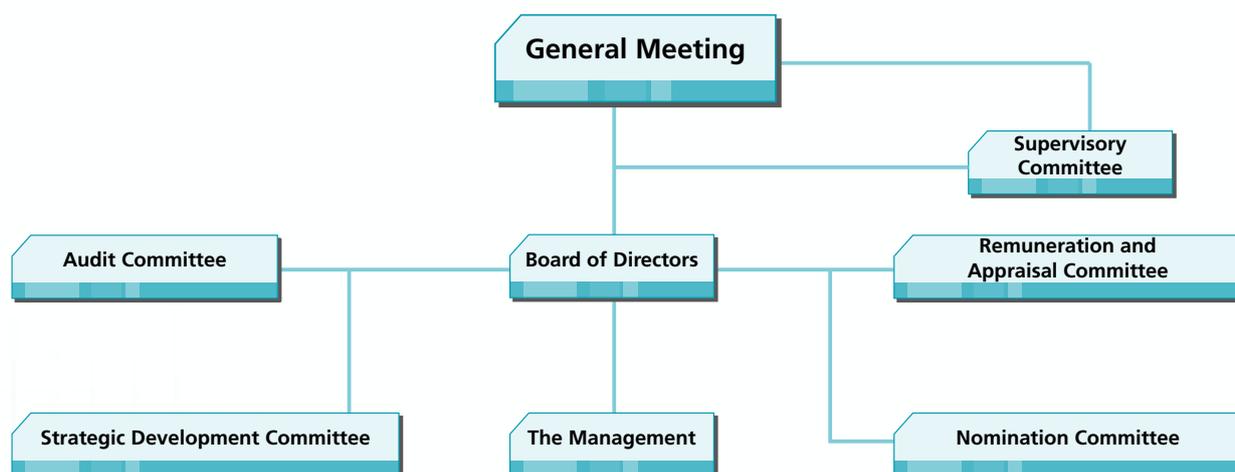
20 March 2015

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 2014 (the "Year").

The Company attaches great importance to 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:



GOVERNANCE STRUCTURE

(a) CORPORATE GOVERNANCE AND CORPORATE GOVERNANCE CODE

Although the Company attached great importance to corporate governance and strives to comply with the Listing Rules and other relevant laws and regulations, the Company failed to act according to the Listing Rules to make announcements and seek shareholders' approval for some continuing connected transactions in the financial years of 2013 and 2014. Most of such continuing connected transactions related to purchase or sales of optic fibre and relevant commodities from or to connected persons. Hence, the Company strives to adopt remedial measures including publishing announcement in due course and seeking shareholders' approval to ensure that information is announced in a timely manner. The Board has specifically reviewed the relevant continuing connected transactions and is of the view that such transactions are on normal commercial terms, within the business scope of the Group and are fair and reasonable. Moreover, the Board will also put more effort to ensure improvement in information disclosure and compliance matters of the Company. With regard to the continuing connected transactions that were not duly disclosed in 2013 and 2014, the Company is arranging to make a separate announcement and seek independent shareholders' approval.

In addition, 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. Wang Micheng (*Vice Chairman, appointed on 12 March 2015*)
Mr. Ping Hao (*resigned on 12 March 2015*)
Mr. Cong Huisheng
Mr. Chen Ruowei
Mr. Du Xinhua
Mr. Fan Xu

Independent Non-executive Directors

Mr. Choy Sze Chung, Jojo
Mr. Li Yuanpeng
Mr. Xiao Xiaozhou

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.

CORPORATE GOVERNANCE REPORT *(Continued)*

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. Mr. Wang Micheng has also entered into a service contract with the Company, with a term commencing from 12 March 2015 to the date when a new session of the Board is elected. 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 15 to 17 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.

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 Board has 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, four meetings of the Board of the Company were held to discuss the Company's operating results, overall strategies, investment schemes as well as operation, appointment of auditors and financial performance. Directors could attend meetings in person or through other electronic communication devices.

CORPORATE GOVERNANCE REPORT *(Continued)*

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

Name of Directors	Board Meeting Attended/Eligible to Attend	2013 Annual General Meeting Attended
Executive Directors		
Mr. Zhang Xiaocheng (<i>Chairman</i>)	4/4	✓
Mr. Wang Micheng (<i>Vice Chairman</i>)*	-/-	-
Mr. Ping Hao#	4/4	-
Mr. Cong Huisheng	4/4	-
Mr. Chen Ruowei	4/4	-
Mr. Du Xinhua	4/4	-
Mr. Fan Xu	4/4	✓
Independent Non-executive Directors		
Mr. Choy Sze Chung, Jojo	4/4	✓
Mr. Li Yuanpeng	4/4	-
Mr. Xiao Xiaozhou	4/4	-

* Mr. Wang Micheng was appointed as executive Director on 12 March 2015.

Mr. Ping Hao resigned as executive Director on 12 March 2015.

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.

CORPORATE GOVERNANCE REPORT *(Continued)*

On 6 January 2015, 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. 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 to review the relevant materials and prepare for the meetings.

Directors are free to express their views in the meetings. Important decisions will only be made after detailed 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.

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 secretary to the Board 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.

CORPORATE GOVERNANCE REPORT *(Continued)*

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 laws and regulations 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. Wang Micheng (Mr. Wang Micheng took up the position of General Manager in place of Mr. Ping Hao with effect from 12 March 2015). 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.

(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 independent 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 shall 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. Besides, in view of previous improper handling of continuing connected transactions and information disclosures, the Company has specially arranged training for Directors and relevant senior management on connected transactions and information disclosures. 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. Wang Micheng (<i>Vice Chairman</i>)*	–	–
Mr. Ping Hao#	✓	✓
Mr. Cong Huisheng	✓	✓
Mr. Chen Ruowei	✓	✓
Mr. Du Xinhua	✓	✓
Mr. Fan Xu	✓	✓
Independent Non-executive Directors		
Mr. Choy Sze Chung, Jojo	✓	✓
Mr. Li Yuanpeng	✓	✓
Mr. Xiao Xiaozhou	✓	✓

* Mr. Wang Micheng was appointed as executive Director on 12 March 2015.

Mr. Ping Hao resigned as executive Director on 12 March 2015.

(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 makes 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.

CORPORATE GOVERNANCE REPORT *(Continued)*

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 accesses 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 with 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://cdc.com.cn>).

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 assessment method for senior management of the Company.

Details of the remuneration of Directors and supervisors for the year ended 31 December 2014 are set out on pages 132 and 133.

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.

(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 approved 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://cdc.com.cn>).

During the Year, the nomination committee had convened one meeting to review the composition of senior management of the Company. Specific details of attendance of the meeting are set out on page 32 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 the 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://cdc.com.cn>).

CORPORATE GOVERNANCE REPORT (Continued)

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 2013, the interim results and its corresponding accounts for the six months ended 30 June 2014, the Company's works on internal control and other works as required under the CG Code, and reviewed the proposed appointment of new auditors to fill the vacancy left by Daxin Certified Public Accountants. Specific details of attendance of the meetings are set out on page 32 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.

(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. Wang Micheng. 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 discussion results 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 any 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 in person	Attendance by way of electronic communication	Number of meetings during the Year	Attendance in person	Attendance by way of electronic communication	Number of meetings during the Year	Attendance in person	Attendance by way of electronic communication	Number of meetings during the Year	Attendance in person	Attendance by way of electronic communication
Executive Directors												
Zhang Xiaocheng (Chairman)	4	2	2	-	-	-	-	-	-	-	-	-
Wang Micheng (Vice Chairman) [*]	-	-	-	-	-	-	-	-	-	-	-	-
Ping Hao [#]	4	2	2	-	-	-	-	-	-	-	-	-
Cong Huisheng	4	1	3	-	-	-	-	-	-	1	0	1
Chen Ruowei	4	2	2	-	-	-	1	0	1	-	-	-
Du Xinhua	4	2	2	-	-	-	-	-	-	1	0	1
Fan Xu	4	2	2	-	-	-	1	0	1	-	-	-
Independent Non-executive Directors												
Choy Sze Chung, Jojo	4	2	2	2	2	0	1	0	1	1	0	1
Li Yuanpeng	4	2	2	2	2	0	1	0	1	1	0	1
Xiao Xiaozhou	4	2	2	2	2	0	1	0	1	1	0	1

* Mr. Wang Micheng was appointed as executive Director on 12 March 2015.

Mr. Ping Hao resigned as executive Director on 12 March 2015.

CORPORATE GOVERNANCE REPORT *(Continued)*

(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 annual audit, the auditor of the Company has also reviewed the interim reports 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 totalled RMB900,000, the remuneration for the provision of non-audit related services (i.e. review of interim report) to the Company is RMB180,000.

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 2014, 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.

CORPORATE GOVERNANCE REPORT *(Continued)*

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 and administrative personnel. In December 2004, the Board approved the Internal Control System which summarizes and clarifies the objectives, content, methods and obligations of the internal control system. This will facilitate the Company's continuing inspection and assessment on implementation of the existing systems and the effectiveness of internal controls.

The Board conducted a review to examine whether the internal control systems of the Company and its subsidiaries are effective and complete. Subjects of review included the supervision of the Company's finance, operation, compliance and risk management.

To further implement internal control more efficiently, the Board had confirmed the following major procedures:

- The Company has a framework with well-defined authority and duties with a hierarchical chain of supervision. The heads of all the departments participate in the formulation of strategic plans. Entrepreneurial strategies for the coming three years were formulated for achievement of annual operation plan and annual business and financial targets. Strategic plans and business plans for the year are the 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 will also review previous insufficient disclosures and ensure the compliance of financial information.

CORPORATE GOVERNANCE REPORT *(Continued)*

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 2014, 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 40 of this annual report.

RELATIONS WITH SHAREHOLDERS, INVESTORS AND OTHER INTERESTED PARTIES

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

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. Wang Micheng, 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 19 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.

CORPORATE GOVERNANCE REPORT *(Continued)*

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 2014, the Company convened one annual general meeting. Please refer to page 26 of this section for the Directors' attendance of these meetings.

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.

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

CORPORATE GOVERNANCE REPORT *(Continued)*

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. In view of the insufficiency of the disclosure of continuing connected transactions in 2013 and 2014, the Company strives to adopt remedial measures to improve its information disclosure in the future.

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 2014, 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://cdc.com.cn>).

During the year, the Company did not amend the Articles of Association.

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.

IMPROVEMENT OF CORPORATE GOVERNANCE

The Company will continue to refine the internal supervision and control of its subsidiaries. It will also strengthen the supervision of connected transactions and continuing connected transactions so as to make up for the previous delay in information disclosure due to lack of internal communication, safeguard the interest of shareholders as a whole and ensure the information disclosures are in compliance with the relevant requirement. With regard to the continuing connected transactions that were not duly disclosed, the Company is arranging to make a separate announcement and seek independent shareholders' approval.

The Company will endeavour to comply with the requirements of the regulatory authorities in order to improve corporate governance and 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 laws 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 2014, 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 is of the opinion that during 2014, the Company's operations had strived to comply 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 implemented. The Supervisory Committee noticed that the disclosure of continuing connected transactions in 2013 and 2014 was insufficient, but the Company is striving to adopt remedial measures and improve and ensure more efficient internal communications and flow of information to prevent the occurrence of similar event. The Supervisory Committee also noticed that the Company is arranging to make a separate announcement and seek independent shareholders' approval for the continuing connected transactions that were not duly disclosed.

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 laws 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 2013.

The Supervisory Committee is of the opinion that the Company has taken initiatives in line with its mission of "refining management and carrying out reform for transformation and improvement" in 2014. The Company has also made progress in reforming the organizations and human resources policies, refining various systems, conducting stringent performance assessment and fulfilling various tasks according to its financial budget. However, the Company should place more attention and strive for further improvement in respect of issues such as limited market expansion, lack of competitive products and deviation of strategy implementation.

REPORT OF THE SUPERVISORY COMMITTEE *(Continued)*

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.

6. LITIGATIONS

During 2014, the Company had no other material litigations.

The Supervisory Committee is of the opinion that during 2014, the Company strived to manage its operation 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. The Board was suggested to strengthen its risk prevention. 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 strengthen the management ability for prevention of operation risks in response to the new development trend of the Chinese economy. It was also suggested to capitalize on comprehensive budget management for maximizing profitability and ensuring the sustainable and healthy development of the Company.

In 2015, 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 to realize the development and improve the operating efficiency of the Company for the protection of the interest of all Shareholders.

20 March 2015

Zheng Zhili
Chairman of the Supervisory Committee

AUDITORS' REPORT

天健會計師事務所 Pan-China Certified Public Accountants

17/F, B Newlogo Property Building,
No.18A, South Street Zhongguancun,
Haidian District
Beijing, China

北京市
海澱區
中關村南大街甲18號
北京國際大廈B座17層

PCCPAAR[2015] No.1-58

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 parent company balance sheets as at 31 December 2014, the consolidated and parent company income statements, the consolidated and parent company cash flow statements, and the consolidated and parent company statements of changes in equity for the year then ended, as well as notes to financial statements.

I. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The preparation and fair presentation of these financial statements is the responsibility of the Company's management. This responsibility includes: (1) preparing and presenting fairly the financial statements in accordance with China Accounting Standards for Business Enterprises; and (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.

II. CERTIFIED PUBLIC ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. Those standards require that we comply with the China Code of Ethics for Certified Public Accountants and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

AUDITORS' REPORT *(Continued)*

III. AUDIT OPINION

In our opinion, the financial statements present fairly, in all material respects the financial position of the Company as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with China Accounting Standards for Business Enterprises.

Pan-China Certified Public Accountants LLP

Certified Public Accountant

Certified Public Accountant

Hangzhou • China

Date of Report: 20 March 2015

CONSOLIDATED BALANCE SHEET

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE CO., LTD. As at 31 December 2014

(Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	Opening balance
Current assets:			
Cash and bank balances	V.(I)1	275,779,836.62	379,793,686.19
Settlement funds			
Loans to other banks			
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable	V.(I)2	111,630,904.90	85,549,034.50
Accounts receivable	V.(I)3	373,667,184.47	272,577,132.00
Advances paid	V.(I)4	8,549,776.94	26,685,368.50
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Interest receivable	V.(I)5	27,500.02	
Dividend receivable			
Other receivables	V.(I)6	76,598,766.96	95,306,038.33
Reverse-REPO financial assets			
Inventories	V.(I)7	279,396,403.66	253,920,679.23
Assets classified as held-for-sale			
Non-current assets due within one year			
Other current assets	V.(I)8	84,224,251.43	50,094,764.09
Total current assets		1,209,874,625.00	1,163,926,702.84

CONSOLIDATED BALANCE SHEET (Continued)

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE CO., LTD. As at 31 December 2014

(Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	Opening balance
Non-current assets:			
Loans and advances paid			
Available-for-sale financial assets	V.(I)9	4,377,324.00	12,670,320.00
Held-to-maturity investments			
Long-term receivable			
Long-term equity investments	V.(I)10	5,120,751.36	5,394,593.42
Investment property	V.(I)11	20,239,848.89	7,047,402.35
Fixed assets	V.(I)12	540,555,958.91	573,592,459.75
Construction in progress	V.(I)13	32,090,307.12	26,713,325.99
Construction materials			869,295.66
Fixed assets disposal			146,343.16
Biological assets			
Oil & gas assets			
Intangible assets	V.(I)14	116,376,585.40	119,444,182.80
Development expenditures			
Goodwill	V.(I)15	21,985,780.47	21,985,780.47
Long-term prepayments	V.(I)16	15,681,483.88	
Deferred tax assets	V.(I)17	21,146,398.40	24,462,559.83
Other non-current assets			
Total non-current assets		777,574,438.43	792,326,263.43
Total assets		1,987,449,063.43	1,956,252,966.27

CONSOLIDATED BALANCE SHEET (Continued)

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE CO., LTD. As at 31 December 2014

(Expressed in Renminbi Yuan)

Liabilities & Equity	Note No.	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings	V.(I)18	200,000,000.00	225,000,000.00
Central bank loans			
Absorbing deposit and interbank deposit			
Loans from other banks			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable	V.(I)19	10,000,000.00	
Accounts payable	V.(I)20	264,997,179.71	162,713,039.47
Advances received	V.(I)21	4,112,041.62	6,048,878.76
Proceeds from sale of repurchase financial assets			
Handling fee and commission payable			
Employee benefits payable	V.(I)22	25,686,502.45	23,552,785.71
Taxes and rates payable	V.(I)23	5,541,404.04	(15,942,198.79)
Interest payable			
Dividend payable			
Other payables	V.(I)24	63,524,519.49	56,785,561.02
Reinsurance accounts payable			
Reinsurance reserve			
Deposit for agency security transaction			
Deposit for agency security underwriting			
Liabilities classified as held-for-sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		573,861,647.31	458,158,066.17

CONSOLIDATED BALANCE SHEET (Continued)

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE CO., LTD. As at 31 December 2014

(Expressed in Renminbi Yuan)

Liabilities & Equity	Note No.	Closing balance	Opening balance
Non-current liabilities:			
Long-term borrowings	V.(I)25	8,050,174.78	9,090,296.75
Bonds payable			
Long-term payables			
Special payables			302,000.00
Provisions			
Deferred income	V.(I)26	73,925,562.68	81,815,443.08
Deferred tax liabilities	V.(I)17	10,694,610.24	12,436,849.48
Other non-current liabilities			
Total non-current liabilities		92,670,347.70	103,644,589.31
Total liabilities		666,531,995.01	561,802,655.48
Equity:			
Share capital/Paid-in capital	V.(I)27	400,000,000.00	400,000,000.00
Capital reserve	V.(I)28	651,355,565.01	651,180,143.92
Less: treasury shares			
Other comprehensive income	V.(I)29	3,116,211.94	8,450,972.00
Special reserve			
Surplus reserve	V.(I)30	8,726,923.61	8,726,923.61
General risk reserve			
Undistributed profit	V.(I)31	(95,442,673.91)	(65,938,245.27)
Total equity attributable to the parent company		967,756,026.65	1,002,419,794.26
Non-controlling interest		353,161,041.77	392,030,516.53
Total equity		1,320,917,068.42	1,394,450,310.79
Total liabilities & equity		1,987,449,063.43	1,956,252,966.27

CONSOLIDATED INCOME STATEMENT

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE CO., LTD. As at 31 December 2014

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Total operating revenue		945,460,888.72	915,481,305.70
Including: Operating revenue	V.(II)1	945,460,888.72	915,481,305.70
Interest proceeds			
Premium earned			
Revenue from handling charges and commission			
II. Total operating cost		1,010,742,273.87	1,020,371,161.41
Including: Operating cost	V.(II)1	858,330,580.95	823,306,611.89
Interest expenses			
Handling charges and commission expenditures			
Surrender value			
Net payment of insurance claims			
Net provision of insurance reserve			
Premium bonus expenditures			
Reinsurance expenses			
Taxes & surcharge for operations	V.(II)2	6,378,989.14	4,456,645.73
Selling expenses	V.(II)3	38,823,775.01	45,330,307.89
Administrative expenses	V.(II)4	101,485,731.50	111,113,769.47
Financial expense	V.(II)5	2,832,693.39	(106,714.10)
Assets impairment loss	V.(II)6	2,890,503.88	36,270,540.53
Add: Gains on changes of fair value (or less: losses)			
Investment income (or less: losses)	V.(II)7	18,292,039.01	105,623,960.58
Including: Investment income from associates and joint ventures	V.(II)7	366,202.38	104,843,257.02
Gains on foreign exchange (or less: losses)			
III. Operating profit (or less: losses)		(46,989,346.14)	734,104.87
Add: Non-operating revenue	V.(II)8	10,062,770.55	6,818,383.39
Including: Gains on disposal of non-current assets		197,139.49	1,810,403.11
Less: Non-operating expenditures	V.(II)9	254,268.90	348,551.29
Including: Losses on disposal of fixed assets		206,562.07	197,339.68
IV. Profit before tax (or less: total loss)		(37,180,844.49)	7,203,936.97
Less: income tax	V.(II)10	3,803,137.82	(169,255.60)
V. Net profit (or less: net loss)		(40,983,982.31)	7,373,192.57
Net profit attributable to owners of parent company		(29,504,428.64)	(527,216.49)
Non-controlling interest income		(11,479,553.67)	7,900,409.06

CONSOLIDATED INCOME STATEMENT *(Continued)*

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE CO., LTD. As at 31 December 2014

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
VI. Other comprehensive income after tax		(5,334,760.06)	(747,638.40)
(I) Not reclassified subsequently to profit or loss Including: Changes in remeasurement on the net defined benefit liability/asset Items attributable to investees under equity method that will not reclassified to profit or loss		(5,334,760.06)	(747,638.40)
(II) To be reclassified subsequently to profit or loss Including: Items attributable to investees under equity method that may be reclassified to profit or loss Profit or loss from changes in fair value of available-for-sale financial assets Profit or loss from reclassification of held-to-maturity investments as available-for-sale assets Profit or loss on cash flow hedging Translation difference of financial statements in foreign currencies		(5,334,760.06)	(747,638.40)
VII. Total comprehensive income		(46,318,742.37)	6,625,554.17
Including: Items attributable to owners of parent company		(34,839,188.70)	(1,274,854.89)
Items attributable to non-controlling interest		(11,479,553.67)	7,900,409.06
VIII. Earnings per share:			
(I) Basic EPS		(0.07)	(0.27)
(II) Diluted EPS		(0.07)	(0.27)

CONSOLIDATED CASH FLOW STATEMENT

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE CO., LTD. As at 31 December 2014

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:			
Cash receipts from sale of goods or rendering of services		767,181,427.93	982,284,366.09
Net increase of client deposit and interbank deposit			
Net increase of central bank loans			
Net increase of loans from other financial institutions			
Cash receipts of original insurance contract premium			
Net cash receipts from reinsurance			
Net increase of policy-holder deposit and investment			
Net increase of trading financial assets disposal			
Cash receipts from interest, handling charges and commission			
Net increase of loans from others			
Net increase of repurchase			
Receipts of tax refund			100,856.63
Other cash receipts related to operating activities	V.(III)1	37,541,156.39	14,229,225.66
Subtotal of cash inflows from operating activities		804,722,584.32	996,614,448.38
Cash payments for goods purchased and services received		571,240,123.79	815,693,603.97
Net increase of loans and advances to clients			
Net increase of central bank deposit and interbank deposit			
Cash payment of insurance indemnities of original insurance contracts			
Cash payment of interest, handling charges and commission			
Cash payment of policy bonus			
Cash paid to and on behalf of employees		115,355,042.38	116,027,343.35
Cash payments of taxes and rates		42,399,090.36	39,998,523.37
Other cash payments related to operating activities	V.(III)2	142,303,782.34	140,211,776.64
Subtotal cash outflows from operating activities		871,298,038.87	1,111,931,247.33
Net cash flows from operating activities		(66,575,454.55)	(115,316,798.95)

CONSOLIDATED CASH FLOW STATEMENT (Continued)

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE CO., LTD. As at 31 December 2014

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
II. Cash flows from investing activities:			
Cash received from return of investments		13,292,374.93	286,371,000.00
Cash received from return on investments		5,921,666.65	780,703.56
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		1,048,832.75	454,003.00
Net cash received from the disposal of subsidiaries & other business units			
Other cash receipts related to investing activities	V.(III)3	50,000,000.00	109,367,665.89
Subtotal of cash inflows from investing activities		70,262,874.33	396,973,372.45
Cash paid for acquiring fixed assets, intangible assets and other long-term assets		37,835,550.09	121,601,015.23
Cash paid for acquiring investments		27,214,500.00	
Net increase of pledged loans			
Net cash paid for acquiring subsidiaries & other business units			
Other cash payments related to investing activities	V.(III)4	50,000,000.00	50,000,000.00
Subtotal of cash outflows from investing activities		115,050,050.09	171,601,015.23
Net cash flows from investing activities		(44,787,175.76)	225,372,357.22
III. Cash flows from financing activities:			
Cash received from investment by others Including: Cash received by subsidiaries from non-controlling owners			
Cash received from borrowings		200,000,000.00	231,000,000.00
Cash received from issuing of bonds			
Other cash receipts related to financing activities	V.(III)5	10,000,000.00	
Subtotal of cash inflows from financing activities		210,000,000.00	231,000,000.00
Cash repayments of borrowings		225,000,000.00	167,000,000.00
Cash paid for distribution of dividends or profits and for interest expenses Including: Cash paid for distribution of dividends or profits by subsidiaries to minority owners		13,238,156.25	14,972,851.92
Other cash payments related to financing activities	V.(III)6	545,195.00	
Subtotal of cash outflows from financing activities		238,783,351.25	181,972,851.92
Net cash flows from financing activities		(28,783,351.25)	49,027,148.08
IV. Effect of foreign exchange rate changes on cash & cash equivalents		(846,084.93)	806,669.71
V. Net increase in cash and cash equivalents		(140,992,066.49)	159,889,376.06
Add: Opening balance of cash and cash equivalents		379,793,686.19	219,904,310.13
VI. Closing balance of cash and cash equivalents		238,801,619.70	379,793,686.19

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Expressed in Renminbi Yuan)

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE CO., LTD. As at 31 December 2014

Items	Overseas parent company										Parent general companies												
	Equity attributable to parent company					Other equity instruments					Equity attributable to parent company					Other equity instruments							
	Other capital	Reserve	Capital reserve	Other reserve	Total	Preferred shares	Other equity instruments	Other equity instruments	Other equity instruments	Total	Other capital	Reserve	Capital reserve	Other reserve	Total	Other capital	Reserve	Capital reserve	Other reserve	Total			
I. Balance at the beginning of year	40,000,000.00		65,180,452.92	8,461,972.00	8,725,521.61	45,330,426.57	380,020,514.53	1,344,483,333.79	4,000,000,000.00	65,180,452.92	9,198,014.40	8,725,521.61	45,330,426.57	380,020,514.53	1,344,483,333.79	4,000,000,000.00	65,180,452.92	9,198,014.40	8,725,521.61	45,330,426.57	380,020,514.53	1,344,483,333.79	4,000,000,000.00
Add: contributions of equity instruments																							
Earnings of parent general companies																							
Business combination under common control																							
Others																							
II. Balance at the end of reporting current year	40,000,000.00		65,180,452.92	8,461,972.00	8,725,521.61	45,330,426.57	380,020,514.53	1,344,483,333.79	4,000,000,000.00	65,180,452.92	9,198,014.40	8,725,521.61	45,330,426.57	380,020,514.53	1,344,483,333.79	4,000,000,000.00	65,180,452.92	9,198,014.40	8,725,521.61	45,330,426.57	380,020,514.53	1,344,483,333.79	4,000,000,000.00
III. Change of parent general companies (in thousands)																							
(I) Total comprehensive income			115,421.09	4,541,700.06	4,757,121.15	29,594,421.64	28,366,674.75	-72,333,742.27															
(II) Capital contribution in the form of equity instruments																							
1. Change of contribution by shareholder																							
2. Capital contribution in the form of equity instruments																							
3. Award of stock-based payment in the form of equity instruments																							
4. Others																							
(III) Profit distribution																							
1. Appropriation of surplus reserve																							
2. Appropriation of general reserve																							
3. Appropriation of profit to reserves (shareholding)																							
4. Others																							
(IV) Internal corporate equity transfer																							
1. Transfer of capital reserve to capital																							
2. Transfer of surplus reserve to capital																							
3. Special reserve transfer to capital																							
4. Others																							
(V) Special reserve																							
1. Appropriation of current period																							
2. Application of current period																							
(VI) Others																							
IV. Balance at the end of reporting period	40,000,000.00		65,180,452.92	8,461,972.00	8,725,521.61	45,330,426.57	380,020,514.53	1,344,483,333.79	4,000,000,000.00	65,180,452.92	9,198,014.40	8,725,521.61	45,330,426.57	380,020,514.53	1,344,483,333.79	4,000,000,000.00	65,180,452.92	9,198,014.40	8,725,521.61	45,330,426.57	380,020,514.53	1,344,483,333.79	4,000,000,000.00

BALANCE SHEET OF THE PARENT COMPANY

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE CO., LTD. As at 31 December 2014

(Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	Opening balance
Current assets:			
Cash and bank balances		148,800,552.31	189,050,836.48
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable		48,660,246.01	44,252,512.98
Accounts receivable	XIV.(I)1	55,728,491.25	30,129,865.75
Advances paid		844,527.11	1,136,200.96
Interest receivable			
Dividend receivable			
Other receivables	XIV.(I)2	30,969,402.11	44,506,345.54
Inventories		90,827,941.55	61,002,870.96
Assets classified as held-for-sale			
Non-current assets due within one year			
Other current assets		25,167,255.90	
Total current assets		400,998,416.24	370,078,632.67
Non-current assets:			
Available-for-sale financial assets		4,377,324.00	12,670,320.00
Held-to-maturity investments			
Long-term receivable			
Long-term equity investments	XIV.(I)3	388,261,721.17	388,535,563.23
Investment property		46,924,205.14	28,937,134.66
Fixed assets		159,878,294.98	199,102,686.85
Construction in progress		2,004,563.45	688,575.86
Construction materials			
Fixed assets disposal			
Biological assets			
Oil & gas assets			
Intangible assets		35,360,979.56	36,441,896.00
Development expenditures			
Goodwill			
Long-term prepayments			
Deferred tax assets		17,360,688.49	20,597,256.04
Other non-current assets			
Total non-current assets		654,167,776.79	686,973,432.64
Total assets		1,055,166,193.03	1,057,052,065.31

BALANCE SHEET OF THE PARENT COMPANY (Continued)

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE CO., LTD. As at 31 December 2014

(Expressed in Renminbi Yuan)

Liabilities & Equity	Note No.	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable			
Accounts payable		35,651,880.30	32,461,436.03
Advances received		1,923,971.69	1,923,971.69
Employee benefits payable		14,035,812.22	10,515,939.06
Taxes and rates payable		2,423,090.17	-19,050,564.17
Interest payable			
Dividend payable			
Other payables		47,287,220.45	46,035,183.30
Liabilities classified as held-for-sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		101,321,974.83	71,885,965.91
Non-current liabilities:			
Long-term borrowings		8,050,174.78	9,090,296.75
Bonds payable			
Long-term payables			
Special payables			
Provisions			
Deferred income			
Deferred tax liabilities		549,919.75	1,491,348.00
Other non-current liabilities			
Total non-current liabilities		8,600,094.53	10,581,644.75
Total liabilities		109,922,069.36	82,467,610.66
Equity:			
Share capital/Paid-in capital		400,000,000.00	400,000,000.00
Capital reserve		648,129,544.28	648,129,544.28
Less: treasury shares			
Other comprehensive income		3,116,211.94	8,450,972.00
Special reserve			
Surplus reserve		8,726,923.61	8,726,923.61
General risk reserve			
Undistributed profit		(114,728,556.16)	(90,722,985.24)
Total equity		945,244,123.67	974,584,454.65
Total liabilities & equity		1,055,166,193.03	1,057,052,065.31

INCOME STATEMENT OF THE PARENT COMPANY

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE CO., LTD. As at 31 December 2014

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Operating revenue	XIV.(II)1	212,467,692.65	182,946,563.19
Less: Operating cost	XIV.(II)1	199,557,119.00	204,879,032.47
Taxes & surcharge for operations		1,997,393.67	1,339,325.66
Selling expenses		3,527,532.72	7,529,676.37
Administrative expenses	XIV.(II)3	44,589,817.80	52,562,594.88
Financial expense		(4,828,756.99)	(2,121,632.40)
Assets impairment loss		1,410,071.76	33,075,693.72
Add: Gain on changes of fair value (or less: losses)			
Investment income (or less: losses)	XIV.(II)2	12,342,872.34	114,009,793.91
Including: Investment income from associates and joint ventures			
II. Operating profit (or less: losses)		(21,442,612.97)	(308,333.60)
Add: Non-operating revenue		853,525.90	1,983,510.26
Including: Gains on disposal of non-current assets		61,599.32	
Less: Non-operating expenditures		179,916.30	197,339.68
Including: Losses on disposal of non-current assets		179,916.30	
III. Profit before tax (or less: total loss)		(20,769,003.37)	1,477,836.98
Less: income tax		3,236,567.55	(4,126,908.69)
IV. Net profit (or less: net loss)		(24,005,570.92)	5,604,745.67
V. Other comprehensive income after tax		(5,334,760.06)	(747,638.40)
(I) Not reclassified subsequently to profit or loss			
Including: Changes in remeasurement on the net defined benefit liability/asset			
Items attributable to investees under equity method that will not reclassified to profit or loss			
(II) To be reclassified subsequently to profit or loss			
Including: Items attributable to investees under equity method that may be reclassified to profit or loss			
Profit or loss from changes in fair value of available-for-sale financial assets		(5,334,760.06)	(747,638.40)
Profit or loss from reclassification of held-to-maturity investments as available-for-sale assets			
Profit or loss on cash flow hedging			
Translation difference of financial statements in foreign currencies			

INCOME STATEMENT OF THE PARENT COMPANY *(Continued)*

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE CO., LTD. As at 31 December 2014

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
VI. Total comprehensive income		(29,340,330.98)	4,857,107.27
VII. Earnings per share:			
(I) Basic EPS			
(II) Diluted EPS			

CASH FLOW STATEMENT OF THE PARENT COMPANY

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE CO., LTD. As at 31 December 2014

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:			
Cash receipts from sale of goods and rendering of services		154,872,906.21	205,058,238.90
Receipts of tax refund			
Other cash receipts related to operating activities		19,305,501.55	2,772,771.74
Subtotal of cash inflow from operating activities		174,178,407.76	207,831,010.64
Cash payments for goods purchased and services received		188,717,634.64	134,054,637.33
Cash payments to and on behalf of employees		31,713,558.23	38,961,176.49
Cash payments of taxes and rates		4,424,605.12	5,007,267.23
Other cash payments related to operating activities		11,913,164.16	40,431,475.55
Subtotal of cash outflows from operating activities		236,768,962.15	218,454,556.60
Net cash flows from operating activities		(62,590,554.39)	(10,623,545.96)
II. Cash flows from investing activities:			
Cash received from return of investments		13,292,374.93	286,371,000.00
Cash received from investments gains			9,166,536.89
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		83,734.37	
Net cash receipts from disposals of subsidiaries and other business units			
Other cash receipts related to investing activities		10,000,000.00	14,000,000.00
Subtotal of cash inflow from investing activities		23,376,109.30	309,537,536.89
Cash payments to acquire fixed assets, intangible assets and other long-term assets		381,523.13	141,011.97
Cash payments to acquire investments			
Net cash payments for acquisitions of subsidiaries and other business units			180,000,000.00
Other cash payments related to investing activities			12,000,000.00
Subtotal of cash outflows from investing activities		381,523.13	192,141,011.97
Net cash flows from investing activities		22,994,586.17	117,396,524.92

CASH FLOW STATEMENT OF THE PARENT COMPANY (Continued)

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE CO., LTD. As at 31 December 2014

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
III. Cash flows from financing activities:			
Cash receipts from investment by others			
Cash receipts from borrowings			
Cash received from issuing bonds			
Other cash receipts related to financing activities			
Subtotal of cash inflows from financing activities			
Cash repayments of borrowings			
Cash payments for distribution of dividends or profit or interest expenses		133,020.14	195,868.48
Other cash payments related to financing activities			
Subtotal of cash outflows from financing activities		133,020.14	195,868.48
Net cash flows from financing activities		(133,020.14)	(195,868.48)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		(521,295.81)	(149,033.69)
V. Net increase in cash and cash equivalents		(40,250,284.17)	106,428,076.79
Add: Opening balance of cash and cash equivalents		189,050,836.48	82,622,759.69
VI. Closing balance of cash and cash equivalents		148,800,552.31	189,050,836.48

STATEMENT OF CHANGES IN EQUITY OF THE PARENT COMPANY

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE CO., LTD. As at 31 December 2014

(Expressed in Renminbi Yuan)

Items	Current period/annually										Preceding period/quarterly									
	Other equity instruments					Less:					Other equity instruments					Less:				
	Share capital/ Paid-up capital	Preference shares	Reputal bonds	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total equity	Share capital/ Paid-up capital	Preference shares	Reputal bonds	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total equity		
I. Balance at the end of prior year	400,000,000.00			640,129,544.23	8,450,972.00		8,726,823.61	974,722,985.24	974,534,454.65	400,000,000.00			640,129,544.23	9,196,610.00		8,726,823.61	963,277,931.91	963,277,931.91		
Add:																				
cumulative changes of accounting policies																				
Error correction of prior period																				
Others																				
II. Balance at the beginning of current year	400,000,000.00			640,129,544.23	8,450,972.00		8,726,823.61	974,722,985.24	974,534,454.65	400,000,000.00			640,129,544.23	9,196,610.00		8,726,823.61	963,277,931.91	963,277,931.91		
III. Current period increase (or less decrease)																				
(I) Total comprehensive income																				
Capital contribution by owners																				
1. Capital contribution by owners																				
2. Amount of share-based payment included in equity					-5,334,760.06		-4,005,570.92	-26,340,330.98												
3. Amount of share-based payment included in equity					-5,334,760.06		-4,005,570.92	-26,340,330.98												
4. Others																				
(II) Profit distribution																				
1. Appropriation of surplus reserve																				
2. Appropriation of profit to owners																				
3. Others																				
(III) Internal transfer within equity																				
1. Transfer of capital reserve to capital																				
2. Transfer of surplus reserve to capital																				
3. Surplus reserve to other bases																				
4. Others																				
(IV) Special reserve																				
1. Appropriation of current period																				
2. Application of current period																				
(V) Others																				
IV. Balance at the end of current period	400,000,000.00			640,129,544.23	3,116,211.94		8,726,823.61	948,344,123.67	948,000,000.00				640,129,544.23	8,450,972.00		8,726,823.61	963,277,931.91	963,277,931.91		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

I. COMPANY PROFILE

Chengdu PUTIAN Telecommunications Cable Company Limited (the "Company") was incorporated and registered with the Chengdu Administration Bureau of Industry and Commerce 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"), as independent promoter, under the approval of the relevant department of the State Council. The Company is headquartered in Chengdu, Sichuan Province, and holds the Business License of Enterprise Legal Person numbered 510100400020197. The registered capital of the Company is RMB400,000,000 of which: equity interest of China PUTIAN Corporation amounts to RMB240,000,000, representing 60% of the total shares; equity interest of public holders of ordinary shares (H Shares) listed in Hong Kong amounts to RMB160,000,000, representing 40% of the total shares. There is a total of 400,000,000.00 shares in issue with the nominal value of RMB1 each. The shares have been listed in Hong Kong Stock Exchange on 13 December 1994.

The Company belongs to the manufacturing industry with scope of business covering 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.

These financial statements has been deliberated and approved by the 13th meeting of the 7th session of the Board of Directors on 20 March 2015.

II. PREPARATION BASIS OF THE FINANCIAL STATEMENTS

(I) Preparation basis

The financial statements have been prepared on the basis of going concern.

(II) Assessment of the ability to continue as a going concern

The Company has no events or conditions that may cast significant doubts upon the Company's ability to continue as a going concern within the 12 months after the balance sheet date.

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Important note: The Company has set up accounting policies and estimates on transactions or events such as provision for bad debts of receivables, depreciation of fixed assets, amortization of intangible assets, and revenue recognition, etc. based on the Company's actual production and operation features.

(I) Statement of compliance

The financial statements have been prepared in accordance with the requirements of China Accounting Standards for Business Enterprises (CASBEs), and present truly and completely the financial position, results of operations and cash flows of the Company.

(II) Accounting period

The accounting year of the Company runs from 1 January to 31 December under the Gregorian calendar.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(III) Operating cycle

The Company has a relatively short operating cycle for its business, an asset or a liability is classified as current if it is expected to be realized or due within 12 months.

(IV) Functional currency

The Company's functional currency is Renminbi (RMB) Yuan.

(V) Accounting treatments of business combination under and not under common control

1. Accounting treatment of business combination under common control

Assets and liabilities arising from business combination are measured at carrying amount of the combined party included in the consolidated financial statements of the ultimate controlling party at the combination date. Difference between carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party and that of the combination consideration or total par value of shares issued is adjusted to capital reserve, if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

2. Accounting treatment of business combination not under common control

When combination cost is in excess of the fair value of identifiable net assets obtained from the acquiree at the acquisition date, the excess is recognized as goodwill; otherwise, the fair value of identifiable assets, liabilities and contingent liabilities, and the measurement of the combination cost are reviewed, then the difference is recognized in profit or loss.

(VI) Compilation method of consolidated financial statements

1. The parent company brings all its controlled subsidiaries into its consolidation scope. The consolidated financial statements are compiled by the parent company according to "CASBE 33 – Consolidated Financial Statements", based on relevant information and the financial statements of the parent company and its subsidiaries.

(VII) Classification of joint arrangements and accounting treatment of joint operations

1. Joint arrangements include joint operations and joint ventures.
2. When the Company is a joint operator of a joint operation, it recognizes in relation to its interest in a joint operation:
 - (1) its assets, including its share of any assets held jointly;
 - (2) its liabilities, including its share of any liabilities incurred jointly;
 - (3) its revenue from the sale of its share of the output arising from the joint operation;
 - (4) its share of the revenue from the sales of the output by the joint operation; and
 - (5) its expenses, including its share of any expenses incurred jointly.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(VIII) Recognition criteria of cash and cash equivalents

Cash as presented in cash flow statement refers to cash on hand and deposit on demand for payment. Cash equivalents refer to short-term, highly liquid investments that can be readily converted to cash and that are subject to an insignificant risk of changes in value.

(IX) Foreign currency translation

Transactions denominated in foreign currency are translated into RMB yuan at the spot exchange rate at the transaction date at initial recognition. At the balance sheet date, monetary items denominated in foreign currency are translated at the spot exchange rate at the balance sheet date with difference, except for those arising from the principal and interest of exclusive borrowings eligible for capitalization, included in profit or loss; non-cash items carried at historical costs are translated at the spot exchange rate at the transaction date, with its RMB amount unchanged; non-cash items carried at fair value in foreign currency are translated at the spot exchange rate at the date when the fair value was determined, with difference included in profit or loss or other comprehensive income.

(X) Financial instruments

1. Classification of financial assets and financial liabilities

Financial assets are classified into the following four categories when initially recognized: financial assets at fair value through profit or loss (including held-for-trading financial assets and financial assets designated at initial recognition as at fair value through profit or loss), held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

Financial liabilities are classified into the following two categories when initially recognized: financial liabilities at fair value through profit or loss (including held-for-trading financial liabilities and financial liabilities designated at initial recognition as at fair value through profit or loss), and other financial liabilities.

2. Recognition criteria, measurement method and derecognition condition of financial assets and financial liabilities

When the Company becomes a party to a financial instrument, it is recognized as a financial asset or financial liability. The financial assets and financial liabilities initially recognized by the Company are measured at fair value; for the financial assets and liabilities at fair value through profit or loss, the transaction expenses thereof are directly included in profit or loss; for other categories of financial assets and financial liabilities, the transaction expenses thereof are included into the initially recognized amount.

The Company measures its financial assets at fair value subsequent to initial recognition, and does not deduct the transaction expenses that may occur when it disposes of the said financial asset in the future. However, those under the following circumstances are excluded: (1) the held-to-maturity investments, loans and receivables are measured at amortized costs using effective interest method; (2) the equity instrument investments for which there is no quotation in the active market and whose fair value cannot be measured reliably, and the derivative financial assets which are connected with the said equity instrument and must be settled by the delivery of the said equity instrument are measured at their costs.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(X) Financial instruments (Continued)

2. Recognition criteria, measurement method and derecognition condition of financial assets and financial liabilities (Continued)

The Company measures its financial liabilities at the amortized costs using effective interest method, with the exception of those under the following circumstances: (1) for the financial liabilities at fair value through profit or loss, they are measured at fair value, and none of the transaction expenses may be deducted, which may occur when the financial liabilities are settled in the future; (2) for the derivative financial liabilities, which are connected to the equity instrument for which there is no quotation in the active market and whose fair value cannot be reliably measured, and which must be settled by the delivery of the equity instrument, they are measured at their costs; (3) for the financial guarantee contracts which are not designated as a financial liability at fair value through profit or loss, and for the commitments to grant loans which are not designated as at fair value through profit or loss and which will enjoy an interest rate lower than that of the market, they are measured subsequent to initial recognition at the higher of the following two items 1) The amount as determined according to "CASBE13 – Contingencies"; 2) the surplus after accumulative amortization as determined according to "CASBE14 – Revenues".

The gains or losses arising from changes in fair value of financial assets or financial liabilities, if not related to hedging, are measured with the following methods: (1) Gains or losses, arising from the changes in fair value of financial asset or liability at its fair value through profit or loss, is included in gains or losses on changes in fair value; interests or cash dividends gained during the asset-holding period are recognized as investment income; when disposing of the assets, investment income is recognized at the difference between the actual amount received and the initial recorded amount, at the same time, gains or losses on changes in fair value are adjusted accordingly. (2) For available-for-sale financial asset, changes in fair value are recorded as other comprehensive income during the holding period, interests measured at effective interest method are recorded as investment income; cash dividends from available-for-sale equity instrument investment are recognized as investment income at the date of dividend declaration; when disposing of the assets, investment income is recognized at the difference between the actual amount received and the book value deducting the accumulative amount of changes in fair value originally included in other comprehensive.

Financial assets are derecognized when the contractual rights for collecting the cash flow of the said financial assets expire or substantially all risks and rewards related to the said financial assets have been transferred. Only when the underlying present obligations of a financial liability are relieved totally or partly may the financial liability be derecognized accordingly.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(X) Financial instruments (Continued)

3. Recognition criteria and measurement method of financial assets transfer

Where the Company has transferred substantially all of the risks and rewards related to the ownership of the financial asset to the transferee, it derecognizes the financial asset. If it retained substantially all of the risks and rewards related to the ownership of the financial asset, it continues recognizing the financial asset, and the consideration received is recognized as a financial liability. Where the Company does not transfer or retain substantially all of the risks and rewards related to the ownership of a financial asset, it is dealt with according to the circumstances as follows respectively: (1) if the Company gives up its control over the financial asset, it derecognizes the financial asset; (2) if the Company does not give up its control over the financial asset, according to the extent of its continuing involvement in the transferred financial asset, it recognizes the related financial asset and recognizes the relevant liability accordingly.

If the transfer of an entire financial asset satisfies the conditions for derecognition, the difference between the amounts of the following two items are included in profit or loss: (1) the book value of the transferred financial asset; (2) the sum of consideration received from the transfer, and the accumulative amount of the changes of the fair value originally included in equity. If the transfer of financial asset partially satisfies the conditions to derecognition, the entire book value of the transferred financial asset is, between the portion which is derecognized and the portion which is not, apportioned according to their respective relative fair value, and the difference between the amounts of the following two items are included into profit or loss: (1) the book value of the portion which is derecognized; (2) the sum of consideration of the portion which is derecognized, and the portion of the accumulative amount of the changes in the fair value originally included in equity which is corresponding to the portion which is derecognized.

4. Fair value determination method of financial assets and liabilities

The Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value. The inputs to valuation techniques used to measure fair value are arranged in the following hierarchy and used accordingly:

- (1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- (2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability, for example, interest rates and yield curves observable at commonly quoted intervals; market-corroborated inputs;
- (3) Level 3 inputs are unobservable inputs for the asset or liability. Level 3 inputs include interest rate that is not observable and cannot be corroborated by observable market data at commonly quoted intervals, historical volatility, future cash flows to be paid to fulfill the disposal obligation assumed in business combination, and financial forecast developed using the Company's own data, etc.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(X) Financial instruments (Continued)

5. Impairment test and provision for impairment loss of financial assets

(1) An impairment test is carried out at the balance sheet date on the financial assets other than those at fair value through profit or loss, and provisions for impairment loss should be made if there is objective evidence indicating impairment loss.

(2) For held-to-maturity investments, borrowings, and receivables, an impairment test is made on an individual basis on financial assets of individually significant amount; with regard to the financial assets of individually insignificant amount, they may be included in a portfolio of financial assets with similar credit risk features so as to carry out an impairment-related test; where, upon the impairment test on an individual basis, the financial asset (including those financial assets of individually significant amount and of individually insignificant amount) is not impaired, it is included in a portfolio of financial assets with similar credit risk features so as to conduct further impairment test. Where a financial asset is impaired, the carrying amount of the said financial asset is written down to the present value of the predicted future cash flow.

(3) *Available-for-sale financial assets*

1) Objective evidence indicating that available-for-sale debt instrument investments may be impaired includes:

- a. significant financial difficulties in the debtor;
- b. breach of contract by the debtor, such as principal or interest past due or default;
- c. concessions made to debtors with financial difficulties considering economic and legal factors;
- d. it is highly probable that the debtor is going to dissolve or going through other terms of financial restructuring;
- e. owing to significant financial difficulties occurred to the debtor, the debt instrument is discontinued to trade in active market; or
- f. Other circumstances indicating that available-for-sale debt instrument may be impaired.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(X) Financial instruments (Continued)

5. Impairment test and provision for impairment loss of financial assets (Continued)

(3) Available-for-sale financial assets (Continued)

- 2) Evidence indicating that available-for-sale equity instrument investment may be impaired includes the fair value of equity instrument investment is suffered from significant or non-temporary decline and the technical, market, economic, or legal environment in which the investee operates has significant adverse changes under which the Company may not be able to recover its investment cost.

The Company performs review on available-for-sale equity instrument investment on an individual basis at the balance sheet date. For equity instrument investment at fair value, if the balance sheet date fair value is 50% or above lower than the cost, or the balance sheet date fair value has been lower than the cost for a consecutive of 12 months or longer, it is determined that such equity instrument investment is impaired; if the balance sheet date fair value is 20% or above but not exceeding 50% lower than the cost, or the balance sheet date fair value has been lower than the cost for a consecutive of 6 months or longer but not exceeding 12 months, the Company may take other factors such as price volatility into consideration in determining whether such equity instrument investment is impaired. For equity instrument investment at cost, the Company considers whether the technical, market, economic, or legal environment in which the investee operates has significant adverse changes to determine whether such equity instrument is impaired.

When an available-for-sale financial asset at fair value is impaired, the cumulative loss arising from decline in fair value that has been recognized directly in other comprehensive income is reclassified to impairment loss. If, after an impairment loss has been recognized on available-for-sale debt instrument investment, there is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. Subsequent fair value increase in available-for-sale debt instrument investment whose impairment loss has been recognized is directly recognized in other comprehensive income.

When an available-for-sale equity instrument at cost is impaired, impairment loss on such equity instrument investment is recognized at any excess of its carrying amount over the present value of future cash flows, and such impairment loss is not reversed upon recognition.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XI) Receivables

The Company's receivables include accounts receivable, long-term resemble, and other receivables. If there is objective evidence which indicates that receivables may be impaired at the balance sheet date, the carrying amount of the said financial asset is written down to the current value of the predicted future cash flow.

1. Receivables of individually significant amount and with provision made on an individual basis

Judgement basis or amount criteria of individually significant amount

Receivables amounting to more than 5 million yuan (including 5 million yuan)

Provision method for receivables of individually significant amount and with provision made on an individual basis

An impairment test is made on an individual basis on financial assets of individually significant amount.

If there is objective evidence which indicates that receivables may be impaired at the balance sheet date, the carrying amount of the said financial asset is written down to the current value of the predicted future cash flow. If the financial asset is not impaired in the test, 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.

2. Receivables with provision made on a collective basis using portfolios with similar credit risk features

(1) *Specific portfolios and provision method*

Provision method of provision being made on collective basis using portfolios with similar credit risk features:

Portfolio grouped with age

Age analysis method

(2) *Age analysis method*

Ages	Proportion of provision for accounts receivable (%)	Proportion of provision for other receivables (%)
Within 1 year (inclusive, the same hereinafter)	0.00	0.00
1–2 years	10.00	10.00
2–3 years	30.00	30.00
3–5 years	80.00	80.00
Over 5 years	100.00	10.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XI) Receivables (Continued)

3. Receivables of individually insignificant amount but with provision made on an individual basis

Reasons for provision made on an individual basis	There is objective evidence indicates that the receivable is impaired and provision for bad debts using aging analysis does not reflect the actual situation of the receivable.
Provision method	Difference between the carrying values of receivables and present value of estimated future cash flows is recognised as provision. For individually insignificant 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 other receivables such as notes receivable, interest receivable and long-term receivable, etc., provision for bad debts is made at the difference between the present value of future cash flow and the carrying amount.

(XII) Inventories

1. Classification of inventories

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, revolving materials, subcontracted materials, packing materials, low value consumables, work-in-progress, semi-finished goods and finished goods (merchandise in warehouse), etc.

2. Accounting method for dispatching 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.

3. Basis for determining net realizable value

At the balance sheet date, inventories are measured at the lower of cost or net realizable value; provisions for inventory write-down are made on the excess of its cost over the net realizable value. For items with significant quantity and low values, provision is made based on their categories. The net realizable value of inventories held for sale is determined based on the amount of the estimated selling price less the estimated selling expenses and relevant taxes and surcharges in the ordinary course of business; the net realizable value of materials to be processed is determined based on the amount of the estimated selling price less the estimated costs of completion, selling expenses and relevant taxes and surcharges in the ordinary course of business; at the balance sheet date, when only part of the same item of inventories have agreed price, their net realizable value is determined separately and is compared with their costs to set the provision for inventory write-down to be made or reversed.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XII) Inventories (Continued)

4. Inventory system

Perpetual inventory method is adopted.

5. Amortization method of low-value consumables and packages

(1) Low-value consumables

Low-value consumables are amortized with one-off method.

(2) Packages

Packages are amortized with one-off method.

(XIII) Assets classified as held-for-sale

Non-current assets (excluding financial assets) are accounted for as held-for-sale when the following conditions are all met: a. the component must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such component; b. the Company has made a decision on the disposal of the component; c. the Company has signed an irrevocable transfer agreement with the transferee; and d. the transfer is expected to be completed within one year.

(XIV) Long-term equity investments

1. Judgment of joint control and significant influence

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of these policies.

2. Determination of investment cost

(1) For business combination under common control, if the consideration of the combining party is that it makes payment in cash, transfers non-cash assets, assumes its liabilities or issues equity securities, on the date of combination, it regards the share of the carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party as the initial cost of the investment. The difference between the initial cost of the long-term equity investment and the carrying value of the combination consideration paid or the par value of shares issued offsets capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings. When long-term equity investments are obtained through business combination under common control achieved in stages, the Company determines whether it is a "package deal".

If it is a "package deal", stages as a whole are considered as one transaction in accounting treatment. If it is not a "package deal", investment cost is initially recognized at the share of the carrying amount of net assets of the combined party included in the consolidated financial statements of the ultimate controlling party. The difference between the acquisition-date investment cost of long-term equity investments and the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity is adjusted to capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XIV) Long-term equity investments (Continued)

2. Determination of investment cost (Continued)

- (2) For business combination not under common control, investment cost is initially recognized at the acquisition-date fair value of considerations paid.

When long-term equity investments are obtained through business combination not under common control achieved in stages, the Company determined whether they are stand-alone financial statements or consolidated financial statements in accounting treatment:

- 1) In the case of stand-alone financial statements, investment cost is initially recognized at the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity.
- 2) In the case of consolidated financial statements, the Company determines whether it is a “package deal”.

If it is a “package deal”, stages as a whole are considered as one transaction in accounting treatment. If it is not a “package deal”, the carrying value of the acquirer’s previously held equity interest in the acquire is remeasured at the acquisition-date fair value, and the difference between the fair value and the carrying amount is recognized in investment income; when the acquirer’s previously held equity interest in the acquire involves other comprehensive income under equity method, the related other comprehensive income is reclassified as income for the acquisition period, excluding other comprehensive income arising from changes in net liabilities or assets from remeasurement of defined benefit plan of the acquiree.

- (3) Long-term equity investment obtained through ways other than business combination: the initial cost of a long-term equity investment obtained by making payment in cash is the purchase cost which is actually paid; that obtained on the basis of issuing equity securities is the fair value of the equity securities issued; that obtained through debt restructuring is determined according to “CASBE12 – Debt Restructuring”; and that obtained through non-cash assets exchange is determined according to “CASBE7 – Non-cash Assets Exchange”.

3. Subsequent measurement and recognition method of gain or loss

For long-term equity investment with control relationship, it is accounted for with cost method; for long-term equity investment with joint control or significant influence relationship, it is accounted for with equity method.

4. Disposal of a subsidiary in stages resulting in the Company’s loss of control

(1) Stand-alone financial statements

The difference between the carrying amount of the disposed equity and the consideration obtained thereof is recognized in profit or loss. If the disposal does not result in the Company’s loss of significant influence or joint control, the remained equity is accounted for with equity method; however, if the disposal results in the Company’s loss of control, joint control, or significant influence, the remained equity is reclassified as available-for-sale financial assets, and accounted for according to “CASBE 22 – Financial Instruments: Recognition and Measurement”.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XIV) Long-term equity investments (Continued)

4. Disposal of a subsidiary in stages resulting in the Company's loss of control (Continued)

(2) Consolidated financial statements

- 1) *Disposal of a subsidiary in stages not qualified as "package deal" resulting in the Company's loss of control*

Before the Company's loss of control, the difference between the disposal consideration and the proportionate share of net assets in the disposed subsidiary from acquisition date or combination date to the disposal date is adjusted to capital reserve (capital premium), if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

When the Company loses control, the remained equity is remeasured at the loss-of-control-date fair value. The aggregated value of disposal consideration and the fair value of the remained equity, less the share of net assets in the disposed subsidiary held before the disposal from the acquisition date or combination date to the disposal date is recognized in investment income in the period when the Company loses control over such subsidiary, and meanwhile goodwill is offset correspondingly. Other comprehensive income related to equity investments in former subsidiary is reclassified as investment income upon the Company's loss of control.

- 2) *Disposal of a subsidiary in stages qualified as "package deal" resulting in the Company's loss of control*

In case of "package deal", stages as a whole are considered as one transaction resulting in loss of control in accounting treatment. Before the Company loses control, the difference between the disposal consideration at each stage and the proportionate share of net assets in the disposed subsidiary is recognized as other comprehensive income at the consolidated financial statements and reclassified as profit or loss in the period when the Company loses control over such subsidiary.

(XV) Investment property

1. Investment property includes buildings that have been leased out.
2. The initial measurement of investment property is based on its cost, and subsequent measurement is made using the cost model, the depreciation or amortization method is the same as that of fixed assets and intangible assets.

(XVI) Fixed assets

1. Recognition principles of fixed assets

Fixed assets are tangible assets held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and expected to be used during more than one accounting year. Fixed assets are recognized if, and only if, it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the assets can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XVI) Fixed assets (Continued)

2. Depreciation method of different categories of fixed assets

Fixed assets held by the Company are mainly classified as: buildings and structures, general equipment, transportation facilities 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.

Categories	Depreciation method ¹	Useful life (years)	Estimated residual value proportion (%)	Annual depreciation rate (%)
Buildings and structures	straight-line depreciation	15–30	3	3.23–6.47
General equipment	straight-line depreciation	5–18	3	5.39–19.4
Transport facilities	straight-line depreciation	6	3	16.17
Other equipment	straight-line depreciation	4–15	3	6.47–24.25

Note:

A ¹Methods include straight-line method, unit-of-production method, double-declining-balance method,

B sum-of-the-years-digits method, as well as other methods.

3. Recognition and pricing principles of fixed assets rented-in under finance lease

Finance lease is determined when one or a combination of the following conditions are satisfied: (1) the ownership has been transferred to the lessee when the leasing term is due; (2) the lessee has the option to purchase the leasing asset at a price that is much lower than its fair value, so it can be reasonably determined that the lessee will take the option at the very beginning of the lease; (3) the leasing term accounts for most time of the useful life (ordinarily accounting for 75% or higher) even if the ownership does not transfer to the lessee; (4) the present value of the minimum amount of rent that the lessee has to pay at the first day of the lease amounts to 90% or higher of its fair value at the same date; or the present value of the minimum amount of rent that the lessor collects at the first day of the lease amounts to 90% or higher of its fair value at the same date; and/or (5) the leased assets are of such a specialized nature that only the lessee can use them without major modifications.

Fixed assets rented-in under finance lease are recorded at the lower of fair value and the present value of the minimum lease payment at the inception of the lease, and are depreciated following the depreciation policy for self-owned fixed assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XVII) Construction in progress

1. Construction in progress is recognized if, and only if, it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. Construction in progress is measured at the actual cost incurred to reach its designed usable conditions.
2. Construction in progress is transferred into fixed assets at its actual cost when it reaches its designed usable conditions. When the construction completion cost reaches final estimating and auditing of the construction in progress was not finished while it reaching the designed usable conditions, it is transferred to fixed assets using estimated value first, and then adjusted accordingly when the actual cost is settled, but the accumulated depreciation is not to be adjusted retrospectively.

(XVIII) Borrowing costs

1. Recognition principle of borrowing costs capitalization

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it is capitalized and included in the costs of relevant assets; other borrowing costs are recognized as expenses on the basis of the actual amount incurred, and are included in profit or loss.

2. Borrowing costs capitalization period

- (1) The borrowing costs are not capitalized unless they following requirements are all met: 1) the asset disbursements have already incurred; 2) the borrowing costs have already incurred; and 3) the acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.
- (2) Suspension of capitalization: where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs is suspended; the borrowing costs incurred during such period are recognized as expenses, and are included in profit or loss, till the acquisition and construction or production of the asset restarts.
- (3) Ceasing of capitalization: when the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs is ceased.

3. Capitalization rate and capitalized amount of borrowing costs

For borrowings exclusively for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interests is determined in light of the actual interest expenses incurred (including amortization of premium or discount based on effective interest method) of the special borrowings at the present period minus the income of interests earned on the unused borrowings as a deposit in the bank or as a temporary investment; where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the Company calculates and determines the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XIX) Intangible assets

1. Intangible asset includes land use right, patent right and trademark etc. The initial measurement of intangible asset is based its cost.
2. For intangible assets with finite useful lives, its amortization amount is amortized within its useful lives systematically and reasonably, if it is unable to determine the expected realization pattern reliably, intangible assets are amortized by the straight-line method with details as follows:

Items	Amortization period (years)
Land use right	50
Patent right	10–15
Trademark	50
Others	10–15

Intangible assets with indefinite useful life are not amortized, but their useful life is reviewed annually. "Indefinite useful life" refers to:

- (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.
3. Expenditures on the research phase of an internal project are recognized as profit or loss when it is incurred. An intangible asset arising from the development phase of an internal project is recognized if the Company can demonstrate all of the following: (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (2) its intention to complete the intangible asset and use or sell it; (3) how the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (4) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (5) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Criteria for distinguishing the research phase from the development phase of an internal project to create an intangible asset: 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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XX) Impairment of part of non-current assets

For non-current assets such as long-term equity investments, investment property at cost model, fixed assets, construction in progress, and intangible assets with finite useful life, etc., if at the balance sheet date there is indication of impairment, the recoverable amount is estimated. For goodwill recognized in business combination and intangible assets with indefinite useful life, no matter whether there is indication of impairment, impairment test is performed annually. Impairment test on goodwill is performed on related group of assets or a portfolio of groups of assets.

When the recoverable amount of such non-current assets is lower than their carrying amount, the difference is recognized as assets impairment loss through profit or loss, and provision for assets impairment loss is made accordingly.

(XXI) Long-term prepayments

Long-term prepayments are expenses that have been recognized but with amortization period over one year (excluding one year). They are recorded with actual cost, and evenly amortized within its beneficiary period or stipulated period. If items of long-term prepayments fail to be beneficial to the following accounting periods, residual values of such items are included in profit or loss.

(XXII) Employee benefits

1. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

2. Short-term employee benefits

The Company recognizes, in the accounting period in which an employee provides service, short-term employee benefits actually incurred as liabilities, with a corresponding charge to profit or loss or the cost of a relevant asset.

3. Post-employment benefits

The Company classifies post-employment benefit plans as either defined contribution plans or defined benefit plans.

(1) The Company recognizes in the accounting period in which an employee provides service the contribution payable to a defined contribution plan as a liability, with a corresponding charge to profit or loss or the cost of a relevant asset.

(2) Accounting treatment by the Company for defined benefit plan usually involves the following steps:

1) In accordance with the projected unit credit method, using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial variables, measure the obligations under the defined benefit plan, and determine the periods to which the obligations are attributed. The Company discounts obligations under the defined benefit plan using the discount rate to determine the present value of the defined benefit plan obligations and the current service cost;

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XXII) Employee benefits (Continued)

3. Post-employment benefits (Continued)

(2) (Continued)

- 2) When a defined benefit plan has assets, the Company recognizes the deficit or surplus by deducting the present value of the defined benefit plan obligation from the fair value of defined benefit plan assets as a net defined benefit plan liability or net defined benefit plan asset. When a defined benefit plan has a surplus, the Company measures the net defined benefit plan asset at the lower of the surplus in the defined benefit plan and the asset ceiling;
- 3) At the end of reporting period, the Company recognizes the following components of employee benefits cost arising from defined benefit plan: a. service cost; b. net interest on the net defined benefit plan liability (asset); and c. Changes as a result of remeasurement of the net defined benefit liability (asset). Item a and item b are recognized in profit or loss or the cost of a relevant asset. Item c is recognized in other comprehensive income and is not to be reclassified subsequently to profit or loss. However, the Company may transfer those amounts recognized in other comprehensive income within equity.

4. Termination benefits

Termination benefits provided to employees are recognized as an employee benefit liability for termination benefits, with a corresponding charge to profit or loss at the earlier of the following dates: a. when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; or b. when the Company recognizes cost or expenses related to a restructuring that involves the payment of termination benefits.

5. Other long-term employee benefits

When other long-term employee benefits provided by the Company to the employees satisfied the conditions for classifying as a defined contribution plan, those benefits are accounted for in accordance with the requirements relating to defined contribution plan. The Company recognizes and measures the net liability or net asset of other long-term employee benefits in accordance with the requirements relation to defined benefit plan. At the end of the reporting period, the Company recognizes the components of cost of employee benefits arising from other long-term employee benefits as the followings: a. service cost; b. net interest on the net liability or net assets of other long-term employee benefits; and c. changes as a result of remeasurement of the net liability or net assets of other long-term employee benefits. As a practical expedient, the net total of the aforesaid amounts are recognized in profit or loss or included in the cost of a relevant asset.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XXIII) Revenue

1. Revenue recognition principles

(1) Sale of goods

Revenue from sale of goods is recognized if, and only if, the following conditions are all satisfied: a) significant risks and rewards of ownership of the goods is transferred to the buyer; b) the Company retains neither continuing managerial involvement of ownership nor effective control over the goods sold; c) the amount of revenue can be measured reliably; d) it is probable that the economic benefits of the transaction will flow to the Company; and e) the costs of the transaction incurred and to be incurred can be measured reliably.

(2) Rendering of services

When the outcome of the transaction can be estimated reliably (the amount of revenue can be measured reliably, it is probable that the economic benefits will flow to the Company, the percentage of completion of the transaction can be determined reliably, and the costs of the transaction incurred and to be incurred can be measured reliably), revenue from rendering of services is recognized using the percentage of completion method, and the stage of completion is determined at the proportion of costs incurred to the estimated total costs. When the outcome of the transaction cannot be estimated reliably at the balance sheet date, revenue is recognized based on the amount of the costs incurred and the costs incurred are charged off at the same amount when the costs incurred are expected to be recoverable; and no revenue is recognized and the costs incurred are charged off as an expense of the period when the costs incurred are not expected to be recovered.

(3) Revenue arising from use by others of assets

Revenue arising from use by others of assets is recognized if, and only if, it is probable that economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. Interest income is recognized based on the length of time for which the Company's cash is used by others and the effective interest rate; and royalties are recognized according to the period and method of charging as specified in relevant contract or agreement.

2. Revenue recognition method adopted by the Company

The Company's main products are: copper cables and related products, optical cable and related products and cable joint and related products.

Revenue from domestic sales is recognized if, and only if, the following conditions are all met: the Company has delivered goods to the purchaser based on contractual agreements; sales revenue is determined; goods payment has been collected or the Company has obtained receipts invoices and it is probable that economic benefits associated with the transaction will flow to the Company; and the costs of the transaction incurred and to be incurred can be measured reliably.

Revenue from overseas sales is recognized if, and only if, the Company has declared goods to the customs and the goods have departed from the port to the purchaser based on contractual agreements; the Company has obtained a bill of lading; sales revenue is determined; goods payment has been collected or the Company has obtained receipts invoices and it is probable that economic benefits associated with the transaction will flow to the Company; and the costs of the transaction incurred and to be incurred can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XXIV) Government grants

1. Government grants related to assets

Government grants related to assets are government grants, with which the Company purchase, construct or otherwise acquire non-current assets. They are recognized as deferred income, and amortized on a straight-line method over the useful lives of the relevant assets, and included in profit or loss. However, those measured at notional amount is directly included into profit or loss.

2. Government grants related to income

Government grants related to income are government grants other than those related to assets. Government grants related to income if used for compensating the related future expenses or losses of the Company are recognized as deferred income and are included in profit or loss during the period when the relevant expenses are recognized; if used for compensating the related expenses or losses incurred to the Company are directly included in profit or loss.

(XXV) Deferred tax assets/Deferred tax liabilities

1. Deferred tax assets or deferred tax liabilities are calculated and recognized based on the difference between the carrying amount and tax base of assets and liabilities (and the difference of the carrying amount and tax base of items not recognized as assets and liabilities but with their tax base being able to be determined according to tax laws) and in accordance with the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.
2. A deferred tax asset is recognized to the extent of the amount of the taxable income, which it is most likely to obtain and which can be deducted from the deductible temporary difference. At the balance sheet date, if there is any exact evidence that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized, the deferred tax assets unrecognized in prior periods are recognized.
3. At the balance sheet date, the carrying amount of deferred tax assets is reviewed. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefit of the deferred tax asset to be utilized. Such reduction is subsequently reversed to the extent that it becomes probable that sufficient taxable income will be available.
4. The income tax and deferred tax for the period are treated as income tax expenses or income through profit or loss, excluding those arising from the following circumstances: (a) business combination; and (b) the transactions or items directly recognized in equity.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XXVI) Leases

1. Operating leases

When the Company is the lessee, lease payments are recognized as cost or profit or loss with straight-line method over the lease term. Initial expenses are recognized directly into profit or loss. Contingent rents are charged as profit or loss in the periods in which they are incurred.

When the Company is the lessor, lease income is recognized as profit or loss with straight-line method over the lease term. Initial expenses, other than those with material amount and eligible for capitalization which are recognized as profit or loss by installments, are recognized directly as profit or loss. Contingent rents are charged into profit or loss in the periods in which they are incurred.

2. Finance leases

When the Company is the lessee, at the commencement of the lease term, lessees recognize finance leases as assets and liabilities in their balance sheets at amounts equal to the lower of fair value of the leased property and the present value of the minimum lease payments, each determined at the inception of the lease, and recognize the minimum lease payments as the entering value of long-term payable, and treat the difference of the two as unrecognized finance expense. Any initial direct costs of the lessee are added to the amount recognized as an asset. The effective interest method is used to recognize finance expense of the period during the lease term.

When the Company is the lessor, at the commencement of the lease, lessor recognizes the aggregate of minimum lease receipts and initial direct costs, each determined at the inception of the lease, as the entering value of finance lease receivables, and recognize the unguaranteed residual value at the same time. The difference between the aggregate of the minimum lease receipts, the initial direct costs and the unguaranteed residual value, and the sum of their present values is recognized as unrealized finance income. The effective interest method is used to recognize finance income of the period during the lease term.

(XXVII) Significant changes in accounting policies and estimates

1. Significant changes in accounting policies

(1) Contents and reasons for the changes

The Company has adopted new standards including "CASBE 39 – Fair Value Measurement", "CASBE 40 – Joint Arrangement", and "CASBE 41 – Disclosure of Interests in Other Entities" and revised standards including "CASBE 2 – Long-Term Equity Investments", "CASBE 9 – Employee Benefits", "CASBE 30 – Presentation Of Financial Statements", and "CASBE 33 – Consolidated Financial Statements" promulgated or revised in 2014 by Ministry of Finance of PRC since 1 July 2014, and applied "CASBE 37 – Financial Instruments: Disclosures" revised by Ministry of Finance of PRC in 2014 in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

(XXVII) Significant changes in accounting policies and estimates (Continued)

2. Financial statement items and amounts significantly affected

Financial items significantly affected	Amounts affected	Remarks
Items of balance sheet as of 31 December 2013		
Other non-current liabilities	(81,815,443.08)	
Deferred income	81,815,443.08	
Capital reserve	(8,450,972.00)	
Other comprehensive income	8,450,972.00	

IV. TAXES

(I) Main taxes and tax rates

Taxes	Tax bases	Tax rates
Enterprise income tax	Taxable income	15%/25%
Value-added tax (VAT)	Amount liable for value-added tax	17%
Business tax	The taxable business turnover	5%
Urban maintenance and construction tax	Turnover tax payable	5%/7%
Education surcharge	Turnover tax payable	3%
Local education surcharges	Turnover tax payable	2%
Land appreciation tax	For housing property levied on the basis of price, housing property tax is levied at the rate of 1.2% of the balance after deducting 30% of the cost; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12% of rent revenue.	1.2%/12%
Urban and township land use tax	Actual area of land occupied	RMB6/m ²

Different enterprise income tax rates applicable to different taxpayers:

Company Name	Income tax rate
Chengdu SEI Optical Fiber Co., Ltd.	15%
Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant	15%
Chengdu Zhongling Radio Communications Co., Ltd.	15%
Jiangsu Fasten Photonics Co., Ltd.	15%
Others	25%

(II) Tax preferential policies

According to the document of High-tech Enterprises Recognition Committee of Sichuan Province (Chuangaoqiren (2014) No. 6), the Company's subsidiaries, Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant, Chengdu SEI Optical Fiber Co., Ltd. and Chengdu Zhongling Radio Communications Co., Ltd. were recognised as high-tech enterprises and enjoyed the high-tech enterprises preferential tax rate of 15% for a period of three years from 2014 to 2016.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

IV. TAXES (CONTINUED)

(II) Tax preferential policies (Continued)

According to the document of High-tech Enterprises Recognition and Management Coordination Group of Jiangsu Province (Sugaoqixie (2012) No. 22), Jiangsu Fasten Photonics Co., Ltd., a subsidiary of the Company, was recognised as third batch high-tech enterprises (Certificate number GF201232000809) for a period of three years after re-examination and is subject to enterprises income tax rate of 15% starting from 1 January 2012.

V. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

(I) Notes to items of the consolidated balance sheet

1. Cash and bank balances

(1) Details

Items	Closing balance	Opening balance
Cash on hand	646,392.30	859,738.62
Cash in bank	252,214,003.64	373,397,206.11
Other cash and bank balances	22,919,440.68	5,536,741.46
Total	275,779,836.62	379,793,686.19
Including: deposited overseas		

(2) Other remarks

As at 31 December 2014, other cash and bank balances included letter of credit deposits and note guarantee deposits. There was RMB14,058,776.25 of time deposits used as deposits of letter of credit. Those cash and bank balances mentioned above were restricted.

2. Notes receivable

(1) Details

Items	Closing balance	Opening balance
Bank acceptance	99,977,405.05	66,071,258.07
Trade acceptance	11,653,499.85	19,477,776.43
Total	111,630,904.90	85,549,034.50

(2) Pledged notes

Items	Closing balance of pledged notes
Bank acceptance	25,317,295.30
Subtotal	25,317,295.30

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

2. Notes receivable (Continued)

(3) *Endorsed or discounted but undue notes at the balance sheet date*

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance	108,442,067.20	
Subtotal	108,442,067.20	

3. Accounts receivable

(1) *Details*

1) *Details of different categories of accounts receivable*

Categories	Book balance		Closing balance		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis	6,019,363.00	1.42	1,504,840.75	25.00	4,514,522.25
Receivables with provision made on a collective basis using portfolios with similar credit risk features	398,652,382.23	93.95	29,499,720.01	7.40	369,152,662.22
Receivable of individually insignificant amount but with provision made on an individual basis	19,660,186.83	4.63	19,660,186.83	100.00	
Total	424,331,932.06	100.00	50,664,747.59	11.94	373,667,184.47

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

3. Accounts receivable (Continued)

(1) Details (Continued)

1) Details of different categories of accounts receivable (Continued)

Categories	Book balance		Opening balance		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis	11,352,543.36	3.50	2,838,135.84	25.00	8,514,407.52
Receivables with provision made on a collective basis using portfolios with similar credit risk features	291,489,674.15	90.06	27,426,949.67	9.41	264,062,724.48
Receivable of individually insignificant amount but with provision 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	272,577,132.00

2) Accounts receivable of individually significant amount and with provision made on an individual basis

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons
Shandong Radio and Television Network Company Heze Branch	6,019,363.00	1,504,840.75	25.00	Not expected to be recoverable
Subtotal	6,019,363.00	1,504,840.75	25.00	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

3. Accounts receivable (Continued)

(1) Details (Continued)

3) *In portfolios, accounts receivable with provision made on a collective basis with age analysis method*

Ages	Book balance	Closing balance Provision for bad debts	Provision proportion (%)
Within 1 year	344,336,573.69		
1-2 years	24,506,440.28	2,450,644.01	10.00
2-3 years	2,336,400.20	700,920.05	30.00
3-5 years	5,624,060.53	4,499,248.42	80.00
Over 5 years	21,848,907.53	21,848,907.53	100.00
Subtotal	398,652,382.23	29,499,720.01	7.40

(2) Age analysis

Ages	Book balance	Closing balance Provision for bad debts	Provision proportion (%)
Within 1 year	344,336,573.69		
1-2 years	24,506,440.28	2,450,644.01	10.00
2-3 years	8,355,763.20	2,205,760.80	26.40
3-5 years	7,218,994.50	6,094,182.39	84.42
Over 5 years	39,914,160.39	39,914,160.39	100.00
Subtotal	424,331,932.06	50,664,747.59	11.94

The credit terms granted to customers are generally 1 to 12 months. Accounts receivable that past due are reviewed by Management on a regular basis.

(3) Provisions made, collected or reversed in current period

Provision for bad debts made in current period totaled RMB-435,792.40, and none of provisions were collected or reversed in current period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

3. Accounts receivable (Continued)

(4) Details of the top 5 debtors with largest balances

Debtors	Book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
China Potevio Company Limited	31,159,635.58	7.34	
Yangtze Zhongli Optical Fibre and Cable (Jiangsu) Co., Ltd.	21,325,730.95	5.03	
Shenzhen ZTE Kangxun Telecom Company Limited	18,752,869.26	4.42	
Fasten Optical Fibre Technology Company Limited	13,429,952.20	3.16	
Guangxi Radio and Television Network Company Limited	11,185,539.66	2.64	
Subtotal	95,853,727.65	22.59	

4. Advances paid

(1) Age analysis

Ages	Book balance	Closing balance		Carrying amount
		Proportion (%)	Provision for bad debts	
Within 1 year	7,583,563.21	88.70		7,583,563.21
1-2 years	752,884.57	8.81		752,884.57
2-3 years	108,072.84	1.26		108,072.84
Over 3 years	105,256.32	1.23		105,256.32
Total	8,549,776.94	100.00		8,549,776.94

Ages	Book balance	Opening balance		Carrying amount
		Proportion (%)	Provision for bad debts	
Within 1 year	26,462,604.61	99.17		26,462,604.61
1-2 years	117,507.57	0.44		117,507.57
2-3 years	2,940.00	0.01		2,940.00
Over 3 years	102,316.32	0.38		102,316.32
Total	26,685,368.50	100.00		26,685,368.50

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

4. Advances paid (Continued)

(2) Details of the top 5 debtors with largest balances

Debtors	Book balance	Proportion to the total balance of advances paid (%)
Jiangyin City Power Supply Bureau	2,803,288.23	32.79
Zhejiang Zhongtong Telecommunication Co. Ltd	1,510,036.93	17.66
Fasten Group Import & Export Co. Ltd.	159,753.18	1.87
Momentive Performance Materials Quartz, Inc.	485,616.71	5.68
Air Liquide Shanghai Co., Ltd	472,179.90	5.52
Subtotal	5,430,874.95	63.52

5. Interest receivable

Items	Closing balance	Opening balance
Designated loans	27,500.02	
Total	27,500.02	

6. Other receivables

(1) Details

1) Details on categories

Categories	Book balance		Closing balance		Carrying amount
	Amount	Proportion (%)	Amount	Provision for bad debts Provision proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis					
Receivables with provision made on a collective basis using portfolios with similar credit risk features	102,621,192.62	96.33	26,022,425.66	25.36	76,598,766.96
Receivable of individually insignificant amount but with provision made on an individual basis	3,913,573.65	3.67	3,913,573.65	100.00	
Total	106,534,766.27	100.00	29,935,999.31	28.10	76,598,766.96

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

6. Other receivables (Continued)

(1) Details (Continued)

1) Details on categories (Continued)

Categories	Book balance		Opening balance		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis					
Receivables with provision made on a collective basis using portfolios with similar credit risk features	106,612,865.12	87.67	22,385,175.36	21.00	84,227,689.76
Receivable of individually insignificant amount but with provision made on an individual basis	14,991,922.22	12.33	3,913,573.65	26.10	11,078,348.57
Total	121,604,787.34	100.00	26,298,749.01	21.63	95,306,038.33

2) In portfolios, other receivables with provision made on a collective basis with age analysis method

Ages	Book balance	Closing balance	
		Provision proportion (%)	Provision for bad debts
Within 1 year	72,458,876.41	70.62	
1–2 years	1,974,902.57	1.92	197,490.26
2–3 years	1,107,072.85	1.08	332,121.86
3–5 years	7,937,636.22	7.73	6,350,108.97
Over 5 years	19,142,704.57	18.65	19,142,704.57
Subtotal	102,621,192.62	100.00	26,022,425.66

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

6. Other receivables (Continued)

(2) Other receivables categorized by nature

Nature of receivables	Closing balance	Opening balance
Deposit as security	5,113,928.13	5,006,077.94
Call loans	55,000,000.00	68,000,000.00
Temporary advance payment receivable	46,420,838.14	48,598,709.40
Total	106,534,766.27	121,604,787.34

(3) Provisions made, collected or reversed in current period

Provisions for bad debts made in current period totaled RMB3,637,250.30, and none of provisions were collected or reversed in current period.

(4) Details of the top 5 debtors with largest balances

Debtors	Nature of receivables	Book balance	Age	Proportion to the total balance of other receivables (%)	Provision for bad debts
Jiangsu Fasten Hongsheng Group Co., Ltd.	Call loans	55,000,000.00	Within 1 year	51.63	
Chengdu Bada Connector Co., Ltd.	Call loans	10,722,437.85	Within 1 year	10.06	
Tazishan Materials Plant	Current account balance	8,391,138.00	Over 5 years	7.88	8,391,138.00
Tianyun Technology (Suzhou) Co., Ltd	Payment for goods	4,786,324.75	3-4 years	4.49	3,829,059.80
Shenzhen FuZhang Company	Current account balance	3,566,915.53	Over 5 years	3.35	3,566,915.53
Subtotal		82,466,816.13		77.41	15,787,113.33

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

7. Inventories

(1) Details

Items	Book balance	Closing balance	
		Provision for write-down	Carrying amount
Raw materials	137,669,538.62	24,237,957.13	113,431,581.49
Revolving materials	2,601,239.43		2,601,239.43
Semi-finished goods and work in process	45,022,578.82	4,913,631.08	40,108,947.74
Goods on hand	151,652,012.94	47,548,911.68	104,103,101.26
Others	22,943,729.17	3,792,195.43	19,151,533.74
Total	359,889,098.98	80,492,695.32	279,396,403.66

Items	Book balance	Opening balance	
		Provision for write-down	Carrying amount
Raw materials	92,353,735.38	23,743,807.27	68,609,928.11
Revolving materials	2,549,849.56		2,549,849.56
Semi-finished goods and work in process	37,264,343.73	4,909,412.30	32,354,931.43
Goods on hand	193,381,658.76	50,689,240.32	142,692,418.44
Others	10,329,227.07	2,615,675.38	7,713,551.69
Total	335,878,814.50	81,958,135.27	253,920,679.23

(2) Provision for inventory write-down

1) Details

Items	Opening balance	Increase		Decrease		Closing balance
		Provision	Others	Reversal or written-off	Others	
Raw materials	23,743,807.27	506,797.75		12,647.89		24,237,957.13
Revolving materials						
Semi-finished goods and work in process	4,909,412.30	120,490.35		116,271.57		4,913,631.08
Goods on hand	50,689,240.32	993,014.09		4,133,342.73		47,548,911.68
Others	2,615,675.38	1,176,520.05				3,792,195.43
Subtotal	81,958,135.27	2,796,822.24		4,262,262.19		80,492,695.32

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

7. Inventories (Continued)

(2) Provision for inventory write-down (Continued)

2) Determination basis of net realizable value and reasons for the reversal or written-off of provision for inventory write-down

At the end of period, the net realizable value of raw materials, semi-finished goods and work in process is determined based on the amount of the estimated selling price less the estimated costs of completion, selling expenses and relevant taxes and surcharges in the ordinary course of business; the net realizable value of inventories held for sale is determined based on the amount of the estimated selling price less the estimated selling expenses and relevant taxes and surcharges in the ordinary course of business.

Reason for reversal of provision for inventory write-down is that factors leading to the write down in previous years have disappeared.

Reason for written-off of provision for inventory write-down is that inventories for which provisions were made have been sold out.

8. Other current assets

(1) Details

Items	Closing balance	Opening balance
Loss/profit on assets to be disposed of	–	94,764.09
Entrusted loan	50,000,000.00	50,000,000.00
Input Tax Deductible	34,224,251.43	
Total	84,224,251.43	50,094,764.09

(2) Other remarks

The entrusted loan represents the loan from Putian Fasten Cable Telecommunication Co. Ltd. to Fasten Group Co. Ltd. with Bank of Communications acting as the agent.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

9. Available-for-sale financial assets

(1) Details

Items	Book balance	Closing balance Provision for impairment	Carrying amount
Available-for-sale debt instrument			
Available-for-sale equity instrument	11,002,324.00	6,625,000.00	4,377,324.00
Including: at fair value	4,377,324.00		4,377,324.00
at cost	6,625,000.00	6,625,000.00	
Total	11,002,324.00	6,625,000.00	4,377,324.00

Items	Book balance	Opening balance Provision for impairment	Carrying amount
Available-for-sale debt instrument			
Available-for-sale equity instrument	19,295,320.00	6,625,000.00	12,670,320.00
Including: at fair value	12,670,320.00		12,670,320.00
at cost	6,625,000.00	6,625,000.00	
Total	19,295,320.00	6,625,000.00	12,670,320.00

(2) Available-for-sale financial assets at fair value

Categories of available-for-sale financial assets	Available-for-sale equity instrument	Available-for-sale debt instrument	Subtotal
Cost of equity instrument/amortized cost of debt instrument	711,192.32		711,192.32
Fair value	4,377,324.00		4,377,324.00
Changes in fair value through other comprehensive income	3,116,211.94		3,116,211.94
Impairment losses accrued			

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

9. Available-for-sale financial assets (Continued)

(3) Available-for-sale financial assets at cost

Investees	Opening balance	Book balance		Closing balance
		Increase	Decrease	
Sichuan New Dragon Network Technology Co., Ltd	1,535,000.00			1,535,000.00
Chengdu South Star Thermo Power Co., Ltd	5,000,000.00			5,000,000.00
Shudu Mansion	90,000.00			90,000.00
Subtotal	6,625,000.00			6,625,000.00

Investees	Opening balance	Provision for impairment		Closing balance	Holding proportion in investees (%)	Cash dividend in current period
		Increase	Decrease			
Sichuan New Dragon Network Technology Co., Ltd	1,535,000.00			1,535,000.00	16.65	
Chengdu South Star Thermo Power Co., Ltd	5,000,000.00			5,000,000.00	7.14	
Shudu Mansion	90,000.00			90,000.00		
Subtotal	6,625,000.00			6,625,000.00		

(4) Movement in provision for impairment of available-for-sale financial assets

Categories of available-for-sale financial assets	Available-for-sale equity instrument	Available-for-sale debt instrument	Subtotal
Provision balance at the beginning of the period	6,625,000.00		6,625,000.00
Provision made in current period Including: Transferred in from other comprehensive income			
Provision decreased in current period Including: Subsequently reversed due to recovery in fair value			
Provision balance at the end of the period	6,625,000.00		6,625,000.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

10. Long-term equity investments

(1) Categories

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in associates	5,246,654.71	125,903.35	5,120,751.36	5,520,496.77	125,903.35	5,394,593.42
Total	5,246,654.71	125,903.35	5,120,751.36	5,520,496.77	125,903.35	5,394,593.42

(2) Details

Investees	Opening balance	Investments increased	Investments decreased	Increase/decrease	
				Investment income recognized under equity method	Adjustment in other comprehensive income
Associates					
Chengdu Telecommunications Cable Factory					
Chengdu Peak Power Sources Co., Ltd.	1,610,504.40		1,610,504.40		
Chengdu Bada Connector Co., Ltd.	3,784,089.02			223,275.68	
Chengdu Yuexin Telecommunications Materials Co., Ltd.		1,159,955.56		(46,568.90)	
Total	5,394,593.42	1,159,955.56	1,610,504.40	176,706.78	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

10. Long-term equity investments (Continued)

(2) Details (Continued)

Investees	Increase/decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/profit declared for distribution	Provision for impairment	Others		
Associates						
Chengdu Telecommunications Cable Factory						125,903.35
Chengdu Peak Power Sources Co., Ltd.						
Chengdu Bada Connector Co., Ltd.				4,007,364.70		
Chengdu Yuexin Telecommunications Materials Co., Ltd.				1,113,386.66		
Total				5,120,751.36		

(3) Remarks on investments in unlisted and listed companies

Items	Closing balance	Opening balance
Investments in unlisted companies	5,120,751.36	5,394,593.42
Investments in listed companies		
Total	5,120,751.36	5,394,593.42

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

11. Investment property

(1) Details

Items	Buildings and structures	Land use right	Total
Cost	11,626,310.09		11,626,310.09
Opening balance	15,983,805.50		15,983,805.50
Increase	15,983,805.50		15,983,805.50
1) Transferred in from fixed assets	166,786.12		166,786.12
Decrease			
1) Disposal	166,786.12		166,786.12
2) Transferred out to fixed assets	27,443,329.47		27,443,329.47
Closing balance			
Accumulated depreciation and amortization	4,578,907.74		4,578,907.74
Opening balance	2,672,386.76		2,672,386.76
Increase	649,963.20		649,963.20
1) Accrual	2,022,423.56		2,022,423.56
Decrease	47,813.92		47,813.92
1) Disposal			
2) Transferred out to fixed assets	47,813.92		47,813.92
Closing balance	7,203,480.58		7,203,480.58
Provision for impairment			
Opening balance			
Increase			
1) Provision made			
Decrease			
1) Disposal			
2) Other transfer out			
Closing balance			
Carrying amount			
Closing balance	20,239,848.89		20,239,848.89
Opening balance	7,047,402.35		7,047,402.35

(2) Investment property with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
Buildings and structure	6,982,570.43	Being processed
Subtotal	6,982,570.43	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

12. Fixed assets

(1) Details

Items	Buildings and structures	General equipment	Transport facilities	Other equipment	Total
Cost					
Opening balance	414,697,195.40	578,257,398.32	12,214,814.90	39,503,733.48	1,044,673,142.10
Increase	166,786.12	42,128,270.49	2,136.75	500,546.43	42,797,739.79
1) Acquisition		8,341,806.57	2,136.75	500,546.43	8,844,489.75
2) Transferred in from construction in progress		33,786,463.92			33,786,463.92
3) Business combination					
4) Transferred in from investment property	166,786.12				166,786.12
5) Others	17,734,805.71	19,841,676.88	214,899.20	158,328.71	37,949,710.50
Decrease		19,841,676.88	214,899.20	158,328.71	20,214,904.79
1) Disposal/scrap	1,751,000.21				1,751,000.21
2) Transferred out	15,983,805.50				15,983,805.50
Closing balance	397,129,175.81	600,543,991.93	12,002,052.45	39,845,951.20	1,049,521,171.39
Accumulated depreciation					
Opening balance	118,943,344.33	304,541,927.20	8,599,316.68	20,320,127.29	452,404,715.50
Increase	18,468,832.08	36,068,764.07	1,099,306.00	2,803,352.54	58,440,254.69
1) Accrual	18,421,018.16	36,068,764.07	1,099,306.00	2,803,352.54	58,392,440.77
2) Transferred in from investment property	47,813.92				47,813.92
Decrease	2,022,423.56	16,668,105.50	210,547.72	130,093.44	19,031,170.22
1) Disposal/scrap		16,668,105.50	210,547.72	130,093.44	17,008,746.66
2) Transferred out	2,022,423.56				2,022,423.56
Closing balance	135,389,752.85	323,942,585.77	9,488,074.96	22,993,386.39	491,813,799.97
Provision for impairment					
Opening balance		18,560,322.07	18,459.53	97,185.25	18,675,966.85
Increase					
1) Provision made					
Decrease		1,524,554.34			1,524,554.34
1) Disposal/scrap		1,524,554.34			1,524,554.34
Closing balance		17,035,767.73	18,459.53	97,185.25	17,151,412.51
Carrying amount					
Closing balance	261,739,422.96	259,565,638.43	2,495,517.96	16,755,379.56	540,555,958.91
Opening balance	295,753,851.07	255,155,149.05	3,597,038.69	19,086,420.94	573,592,459.75

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

12. Fixed assets (Continued)

(2) Fixed assets temporarily idle

Items	Cost	Accumulated depreciation	Provision for impairment	Carrying amount	Note
Machinery	84,063,113.95	66,767,874.43	14,956,948.08	2,338,291.44	
Subtotal	84,063,113.95	66,767,874.43	14,956,948.08	2,338,291.44	

(3) Fixed assets with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
New factory of Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant	62,712,513.07	Being processed
Subtotal	62,712,513.07	

13. Construction in progress

(1) Details

Projects	Book balance	Closing balance Provision for impairment	Carrying amount
Integrated technology improvement	7,923,681.56	5,919,118.11	2,004,563.45
Project for improvement on capacity of prefabricate Stick	13,763,744.76		13,763,744.76
Construction at west district of Putian industrial park	920,124.20		920,124.20
Chengdu Zhongling production line Accelerator technology improvement	5,097,107.40		5,097,107.40
Other projects (SEI)	392,264.31		392,264.31
Other projects (Optical)	4,728,278.18		4,728,278.18
SEI K5-02B06# wire drawing Z-13 project			
Project for improvement on technology for annual production of 4 million kilometre of optical cable (Fasten Cable)			
Project for improvement on capacity of optical cable (Houma)			
Other projects (Photonics)	5,184,224.82		5,184,224.82
Total	38,009,425.23	5,919,118.11	32,090,307.12

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

13. Construction in progress (Continued)

(1) Details (Continued)

Projects	Book balance	Opening balance	
		Provision for impairment	Carrying amount
Integrated technology improvement Project for improvement on capacity of prefabricate Stick	6,576,797.90	5,919,118.11	657,679.79
Construction at west district of Putian Industrial Park	30,896.07		30,896.07
Chengdu Zhongling production line	920,124.20		920,124.20
Accelerator technology improvement	5,082,410.04		5,082,410.04
Other projects (SEI)	28,399.07		28,399.07
Other projects (Optical)	59,962.59		59,962.59
SEI K5-02B06# Wire drawing	4,728,278.18		4,728,278.18
Z-13 Project	1,123,036.37		1,123,036.37
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
Project for improvement on capacity of optical cable (Houma)	7,782,085.05		7,782,085.05
Other projects (Photonics)	1,062,223.16		1,062,223.16
Total	32,632,444.10	5,919,118.11	26,713,325.99

(2) Changes in significant projects

Projects	Budgets (RMB10,000)	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance
Integrated technology improvement		6,576,797.90	1,346,883.66			7,923,681.56
Project for improvement on capacity of Prefabricate Stick			13,763,744.76			13,763,744.76
Z-13 Project	145	1,123,036.37		1,123,036.37		
Project for improvement on technology for annual production of 4 million kilometre of optical cable (Fasten Cable)	4,088	5,238,231.47	27,943,683.52	21,640,110.70	11,541,804.29	
Project for improvement on capacity of optical cable (Houma)	1,347.6	7,782,085.05	7,862,077.64	11,023,316.85	4,620,845.84	
Accelerator technology improvement		5,082,410.04	14,697.36			5,097,107.40
SEI K5-02B06# Wire drawing	500	4,728,278.18				4,728,278.18
Subtotal		30,530,839.01	50,931,086.94	33,786,463.92	16,162,650.13	31,512,811.90

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

13. Construction in progress (Continued)

(2) Changes in significant projects (Continued)

Projects	Accumulated investment to budget (%)	Completion percentage (%)	Accumulated amount of borrowing cost capitalization	Amount of borrowing cost capitalization in current period	Annual capitalization rate (%)	Fund source
Integrated technology improvement						Internal funds
Project for improvement on capacity of Prefabricate Stick			632,500.00	632,500.00	5.04	Internal funds
Z-13 Project	77.45	100.00				Internal funds
Project for improvement on technology for annual production of 4 million kilometre of optical cable (Fasten Cable)	81.17	100.00				Internal funds
Project for improvement on capacity of optical cable (Houma)	116.09	100.00				Internal funds
Accelerator technology improvement						Internal funds
SEI K5-02B06#						
Wire drawing	94.57	95.00				Internal funds
Subtotal			632,500.00	632,500.00		

(3) Provisions for impairment of construction in progress

Items	Opening balance	Increase	Decrease	Closing balance	Reasons of Provisions
Integrated technology improvement	5,919,118.11			5,919,118.11	Impairment on construction project
Subtotal	5,919,118.11			5,919,118.11	

(4) Other remarks

Other decrease in 2014 was development expense of housing property transferred into long-term prepayment.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

14. Intangible assets

(1) Details

Items	Land use right	Licensing right	Trademark	Other	Total
Cost					
Opening balance	104,606,586.61	1,071,672.28	28,800,000.00	625,151.41	135,103,410.30
Increase					
1) Acquisition					
Decrease					
1) Disposal					
Closing balance	104,606,586.61	1,071,672.28	28,800,000.00	625,151.41	135,103,410.30
Accumulated amortization					
Opening balance	10,582,754.40	625,142.70	2,316,710.67	234,663.73	13,759,271.50
Increase	2,372,722.68	107,167.32	500,000.00	87,707.40	3,067,597.40
1) Accrual	2,372,722.68	107,167.32	500,000.00	87,707.40	3,067,597.40
Decrease					
1) Disposal					
Closing balance	12,955,477.08	732,310.02	2,816,710.67	322,371.13	16,826,868.90
Provision for impairment					
Opening balance			1,899,956.00		1,899,956.00
Increase					
1) Provision made					
Decrease					
1) Disposal					
Closing balance			1,899,956.00		1,899,956.00
Carrying amount					
Closing balance	91,651,109.53	339,362.26	24,083,333.33	302,780.28	116,376,585.40
Opening balance	94,023,832.21	446,529.58	24,583,333.33	390,487.68	119,444,182.80

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

14. Intangible assets (Continued)

(2) Analysis of carrying amount of land use right

Items	Closing balance	Opening balance
In Hong Kong:		
Including: Freehold		
Long-term lease		
Mid-term lease		
Short-term lease		
Outside Hong Kong		
Including: Freehold		
Long-term lease	91,651,109.53	94,023,832.21
Mid-term lease		
Short-term lease		
Subtotal	91,651,109.53	94,023,832.21

15. Goodwill

(1) Cost

Investee or events resulting in goodwill	Opening balance	Increase	Decrease	Closing balance	Provision for impairment
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	
Houma Potevio Fasten Cable Communications Co., Ltd.	2,248,742.06			2,248,742.06	
Total	21,985,780.47			21,985,780.47	

(2) Impairment test process, parameters, and recognition method of goodwill impairment loss

Impairment testing for goodwill: When the Company performs impairment assessment on asset units or groups of asset units involving goodwill, if there is impairment indicated 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

16. Long-term prepayments

(1) Details

Items	Opening balance	Increase	Amortization	Other decreases	Closing balance
Factory Decoration and Improvement		16,162,650.13	481,166.25		15,681,483.88
Total		16,162,650.13	481,166.25		15,681,483.88

17. Deferred tax assets and deferred tax liabilities

(1) Deferred tax asset before offset

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax asset	Deductible temporary difference	Deferred tax asset
Provision for impairment of asset	137,882,423.11	21,146,398.40	158,463,761.46	24,462,559.83
Unrealized profit from internal transaction			250,571.18	
Subtotal	137,882,423.11	21,146,398.40	158,797,332.64	24,462,559.83

(2) Deferred tax liabilities before offset

Items	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Assets appraisal appreciation due to business combination not under common control	47,448,247.88	10,144,690.49	51,036,352.98	10,945,501.48
Changes in fair value of available-for-sale financial assets	3,666,131.68	549,919.75	9,942,320.00	1,491,348.00
Total	51,114,379.56	10,694,610.24	60,978,672.98	12,436,849.48

(3) Details of unrecognized deferred tax assets

Items	Closing balance	Opening balance
Impairment of assets	54,992,409.08	34,199,607.12
Tax losses	33,648,233.16	2,311,211.52
Subtotal	88,640,642.24	36,510,818.64

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

18. Short-term borrowings

Details

Items	Closing balance	Opening balance
Pledge borrowings	50,000,000.00	50,000,000.00
Secured borrowings	150,000,000.00	175,000,000.00
Total	200,000,000.00	225,000,000.00

19. Notes payable

Items	Closing balance	Opening balance
Trade acceptance		
Bank acceptance	10,000,000.00	
Total	10,000,000.00	

20. Accounts payable

(1) Details

Items	Closing balance	Opening balance
Borrowings	253,203,068.60	147,820,871.90
Payment for project and equipment	10,477,609.56	12,796,166.21
Others	1,316,501.55	2,096,001.36
Total	264,997,179.71	162,713,039.47

(2) Age analysis

Ages	Closing balance
Within 1 year	252,211,370.56
1–2 years	7,941,322.22
2–3 years	772,611.37
Over 3 years	4,071,875.56
Total	264,997,179.71

The credit terms granted by suppliers are generally 1 to 12 months.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

21. Advances received

Items	Closing balance	Opening balance
Payment for goods	4,112,041.62	6,048,878.76
Total	4,112,041.62	6,048,878.76

22. Employee benefits payable

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Short-term employee benefits	23,459,543.59	102,332,186.13	100,360,487.11	25,431,242.61
Post-employment benefits – defined benefit plan	93,242.12	14,196,651.67	14,034,633.95	255,259.84
Termination benefits		833,346.00	833,346.00	
Total	23,552,785.71	117,362,183.80	115,228,467.06	25,686,502.45

(2) Details of short-term employee benefits

Items	Opening balance	Increase	Decrease	Closing balance
Wage, bonus, allowance and subsidy	17,474,182.58	84,667,353.80	82,920,263.18	19,221,273.20
Employee welfare fund	24,192.20	3,423,829.47	3,423,911.87	24,109.80
Social insurance premium	37,529.87	6,305,006.75	6,336,755.02	5,781.60
Including: Medicare premium	26,866.38	5,422,705.85	5,443,965.65	5,606.58
Occupational injuries premium	6,074.20	487,433.73	493,219.93	288.00
Maternity premium	4,589.29	394,867.17	399,569.44	(112.98)
Housing accumulation funds	494.00	3,594,502.03	3,594,507.03	489.00
Trade union fund and employee education fund	5,875,144.94	1,775,000.60	1,470,556.53	6,179,589.01
Others	48,000.00	2,566,493.48	2,614,493.48	
Subtotal	23,459,543.59	102,332,186.13	100,360,487.11	25,431,242.61

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

22. Employee benefits payable (Continued)

(3) Details of defined benefit plan

Items	Opening balance	Increase	Decrease	Closing balance
Basic endowment insurance premium	90,986.00	12,921,287.25	12,744,897.31	267,375.94
Unemployment insurance premium	2,256.12	1,275,364.42	1,289,736.64	(12,116.10)
Subtotal	93,242.12	14,196,651.67	14,034,633.95	255,259.84

Pursuant to the Labor Law of the People's Republic of China and relevant laws and regulations, the Company and its subsidiaries in the People's Republic of China participated in defined contribution retirement schemes for its employees. The local government authorities are responsible for the entire pension obligations payable to retired employees who reach retirement age pursuant to relevant regulations or quit the work force due to other reasons. The Company and its subsidiaries have no other obligation to make payment in respect of pension benefits.

23. Taxes and rates payable

Items	Closing balance	Opening balance
VAT	1,475,359.45	(20,674,053.72)
Business tax	482,276.29	191,262.76
Urban maintenance and construction tax	126,651.44	143,703.07
Enterprise income tax	2,062,764.46	2,899,910.99
Housing property tax	871,637.22	598,301.21
Land appreciation tax	134,633.25	134,633.25
Individual income tax	156,263.53	149,842.01
Education surcharge	56,015.08	88,774.69
Local education surcharge	37,273.33	39,437.26
Others	138,529.99	485,989.69
Total	5,541,404.04	(15,942,198.79)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

24. Other payables

(1) Details

Items	Closing balance	Opening balance
Deposits	30,936,280.60	18,890,106.84
Capital raised from repurchase	10,000,000.00	
Fee for patented technology		10,830,879.00
Others	22,588,238.89	27,064,665.18
Total	63,524,519.49	56,785,561.02

(2) Significant other payables with age over one year

Items	Closing balance	Reasons for unsettlement
Chongqing GuanCheng Non-ferrous Metals Processing Co., Ltd	22,557,131.91	Deposits
Subtotal	22,557,131.91	

25. Long-term borrowings

(1) Details

Items	Closing balance	Opening balance
Secured borrowings	8,050,174.78	9,090,296.75
Total	8,050,174.78	9,090,296.75

(2) Analysis of long-term borrowings maturity dates

Items	Closing balance	Opening balance
Over 5 years	8,050,174.78	9,090,296.75
Subtotal		
Including: Long-term borrowings due within one year		
Long-term borrowings due more than one year	8,050,174.78	9,090,296.75

(3) Other remarks

The interest rate of long-term borrowings is 0.5% per annum.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

26. Deferred income

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Government grants	81,815,443.08		7,889,880.40	73,925,562.68
Total	81,815,443.08		7,889,880.40	73,925,562.68

(2) Details of government grants

Items	Opening balance	Increase	Included in non-operating revenue in current period	Other movements	Closing balance	Related to assets/income
Shuangliu land acquisition compensation	77,455,443.08		3,709,880.40		73,745,562.68	assets
Support fund for bend-insensitive optical fibre (G657A/B)	4,180,000.00		4,180,000.00			income
Support funds for scientific and technological achievements from Science and Technology Bureau of Shuangliu County	180,000.00				180,000.00	income
Subtotal	81,815,443.08		7,889,880.40		73,925,562.68	

(3) Other remarks

Pursuant to Shuangfutu (2008) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

27. Share capital

(1) Details

Items	Opening balance	Issue of new shares	Bonus shares	Movements Reserve transferred to shares	Others	Subtotal	Closing balance
Restricted shares							
Held by domestic legal persons	240,000,000.00						240,000,000.00
Held by domestic natural persons							
Unrestricted shares							
A shares							
H shares	160,000,000.00						160,000,000.00
Total	400,000,000.00						400,000,000.00

28. Capital reserve

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Capital premium (share premium)	302,343,510.57			302,343,510.57
Other capital reserve	348,836,633.35	175,421.09		349,012,054.44
Capital reserve brought forward from original scheme	343,857,949.07			343,857,949.07
Capital reserve acquired from non-controlling interest		175,421.09		175,421.09
Others	4,978,684.28			4,978,684.28
Total	651,180,143.92	175,421.09		651,355,565.01

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

29. Other comprehensive income (OCI)

Items	Opening balance	Current period cumulative	
		Current period cumulative before income tax	Less: OCI carried forward transferred to profit or loss
Items not to be reclassified subsequently to profit or loss			
Including: Changes in remeasurement on the net defined benefit liability/asset			
Items attributable to investees under equity method not to be reclassified to profit or loss			
Items to be reclassified subsequently to profit or loss	8,450,972.00	913,035.15	6,247,795.21
Including: Items attributable to investees under equity method to be reclassified to profit or loss			
Gains/losses on changes in fair value of available-for-sale financial assets	8,450,972.00	913,035.15	6,247,795.21
Gains/losses on held-to-maturity investments reclassified to available-for-sale financial assets			
Gains/losses on cash flow hedging			
Translation difference of financial statements in foreign currencies			
Total	8,450,972.00	913,035.15	6,247,795.21

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

29. Other comprehensive income (OCI) (Continued)

Items	Current period cumulative			Closing balance
	Less: income tax	Attributable to parent company	Attributable to non-controlling interest	
Items not to be reclassified subsequently to profit or loss Including: Changes in remeasurement on the net defined benefit liability/asset Items attributable to investees under equity method not to be reclassified to profit or loss				
Items to be reclassified subsequently to profit or loss Including: Items attributable to investees under equity method to be reclassified to profit or loss Gains/losses on changes in fair value of available-for-sale financial assets Gains/losses on held-to-maturity investments reclassified to available-for-sale financial assets Gains/losses on cash flow hedging Translation difference of financial statements in foreign currencies		(5,334,760.06)		3,116,211.94
		(5,334,760.06)		3,116,211.94
Total		(5,334,760.06)		3,116,211.94

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(I) Notes to items of the consolidated balance sheet (Continued)

30. Surplus reserve

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	8,726,923.61			8,726,923.61
Discretionary surplus reserve				
Reserve fund				
Enterprise development fund				
Others				
Total	8,726,923.61			8,726,923.61

31. Undistributed profit

Items	Current period cumulative	Preceding period comparative
Balance before adjustment at the end of preceding period	(65,938,245.27)	(65,411,028.78)
Add: Increase due to adjustment (or less: decrease)		
Opening balance after adjustment	(65,938,245.27)	(65,411,028.78)
Add: Net profit attributable to owners of the parent company	(29,504,428.64)	(527,216.49)
Less: Appropriation of statutory surplus reserve		
Appropriation of discretionary surplus reserve		
Appropriation of general risk reserve		
Dividend payable on ordinary shares		
Dividend on ordinary share converted to share capital		
Closing balance	(95,442,673.91)	(65,938,245.27)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(II) Notes to items of the consolidated income statement

1. Operating revenue/cost

Items	Current period cumulative		Preceding period comparative	
	Income	Cost	Income	Cost
Revenue from main operation	924,135,010.41	844,656,453.95	895,672,612.87	799,280,839.53
Revenue from other operation	21,325,878.31	13,674,127.00	19,808,692.83	24,025,772.36
Total	945,460,888.72	858,330,580.95	915,481,305.70	823,306,611.89

2. Taxes and surcharge for operations

Items	Current period cumulative	Preceding period comparative
Business tax	1,688,226.41	981,737.68
Urban maintenance and construction tax	1,992,361.93	1,343,019.48
Education surcharge	1,037,258.90	936,974.28
Local education surcharges	144,726.78	99,865.51
Housing Property tax	1,453,271.34	888,934.84
Price regulation fund	63,143.78	201,074.84
Others		5,039.10
Total	6,378,989.14	4,456,645.73

3. Selling expenses

Items	Current period cumulative	Preceding period comparative
Staff salaries	8,156,880.71	9,950,507.11
Transportation cost	11,376,550.72	11,880,160.03
Packing expenses	1,656,190.67	1,609,561.74
Business expenses	12,334,089.17	9,246,631.49
Advertising and promotion expenses	814,496.01	765,362.95
Office and travelling expenses	4,443,220.17	7,433,132.24
Others	42,347.56	4,444,952.33
Total	38,823,775.01	45,330,307.89

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(II) Notes to items of the consolidated income statement (Continued)

4. Administrative expenses

(1) Details

Items	Current period cumulative	Preceding period comparative
Staff salaries	36,503,278.36	34,694,992.43
Depreciation and amortisation	9,654,210.83	10,173,028.10
Business entertainment	1,721,973.70	3,100,838.61
Office and travelling expenses	4,985,077.58	4,907,217.64
Research and development costs	16,803,164.88	11,921,290.03
Taxes	6,132,315.65	5,920,250.76
Agency fee	3,654,685.37	7,318,668.96
Transport repairs and maintenance	2,671,268.52	6,422,052.99
Water and electricity	4,192,139.35	3,676,677.56
Loss from work suspension	6,169,435.47	12,439,855.47
Others	8,998,181.79	10,538,896.92
Total	101,485,731.50	111,113,769.47

(2) Of current period administrative expenses, auditor's remuneration totaled RMB1,080,000.00 (2013: RMB1,305,000.00).

5. Financial expenses

Items	Current period cumulative	Preceding period comparative
Interest expenditures	13,372,489.58	8,972,851.92
Including: Interest on bank borrowing, overdraft and other borrowings wholly repayable within five years	13,372,489.58	8,972,851.92
Less: Interest income	10,947,379.84	8,788,352.75
Exchange loss		128,498.32
Less: Exchange gain	194,037.04	955,703.40
Bank charges	601,620.69	535,991.81
Total	2,832,693.39	(106,714.10)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(II) Notes to items of the consolidated income statement (Continued)

6. Assets impairment loss

Items	Current period cumulative	Preceding period comparative
Bad debts	3,201,457.90	3,230,504.47
Inventory write-down loss	(310,954.02)	22,704,086.30
Impairment loss of held-to-maturity investments		588,174.82
Impairment loss of fixed assets		7,117,055.78
Impairment loss of construction in progress		2,630,719.16
Total	2,890,503.88	36,270,540.53

7. Investment income

(1) Details

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	176,706.78	(11,636,582.71)
Gains on disposal of long-term equity investments	189,495.60	116,479,839.73
Gains on disposal of available-for-sale financial assets	11,976,669.96	
Others	5,949,166.67	780,703.56
Total	18,292,039.01	105,623,960.58

(2) Remarks on investment income from investments in unlisted companies and listed companies

Items	Current period cumulative	Preceding period comparative
Investment income from unlisted companies	176,706.78	(11,636,582.71)
Investment income from listed companies	11,976,669.96	
Subtotal	12,153,376.74	(11,636,582.71)

8. Non-operating revenue

(1) Details

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Gains on disposal of non-current assets	197,139.49	1,810,403.11	197,139.49
Including: Gains on disposal of fixed assets	197,139.49	1,810,403.11	197,139.49
Gains on trading of non-cash assets	676,336.25		676,336.25
Government grants	8,596,940.40	4,732,048.90	8,596,940.40
Others	592,354.41	275,931.38	592,354.41
Total	10,062,770.55	6,818,383.39	10,062,770.55

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(II) Notes to items of the consolidated income statement (Continued)

8. Non-operating revenue (Continued)

(2) Government grants

Items	Current period cumulative	Preceding period comparative	Related to assets/income
Shuangliu land acquisition compensation	3,709,880.40	3,709,880.40	assets
Identification subsidies for UL	47,500.00		income
Economic development support funds from other province in 2013 for High-tech Zone	30,000.00		income
International market expansion funds in 2013 for small and medium size enterprises	41,600.00		income
Environment management system identification subsidies	11,300.00		income
Support fund for bend insensitive optical fibre (G657A/B)	4,180,000.00		income
Economy development support funds		300,000.00	income
High-tech industry support funds for Jiangyin High-tech Zone	130,000.00		income
Jiangyin Qiangsan Office special funds	32,760.00		income
Chengdu important new product and project funds		200,000.00	income
Science and Technology Bureau of Jiangyin City patent funds		13,300.00	income
Science and Technology Bureau of Chengdu Scientific insurance subsidies	700.00	48,418.50	income
Chengdu High-tech Zone		240,000.00	income
Science and Technology Bureau of Chengdu scientific development reward in 2013		20,000.00	income
Chengdu Water-saving Office subsidies	2,000.00		income
Jiangyin Ministry of Finance patent funds	9,200.00		income
International market expansion funds	302,000.00		income
Jiangyin technology support program funds	100,000.00		income
Science and Technology Bureau of Shuangliu County patent funds		200,450.00	income
Subtotal	8,596,940.40	4,732,048.90	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(II) Notes to items of the consolidated income statement (Continued)

9. Non-operating expenditures

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Losses on disposal of non-current assets	206,562.07	197,339.68	206,562.07
Including: Losses on disposal of fixed assets	206,562.07	197,339.68	206,562.07
Donation expenditures	33,000.00	30,000.00	33,000.00
Others	14,706.83	121,211.61	14,706.83
Total	254,268.90	348,551.29	254,268.90

10. Income tax expenses

(1) Details

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	1,287,787.38	4,266,029.86
Deferred income tax expenses	2,515,350.44	(4,435,285.46)
Total	3,803,137.82	(169,255.60)

(2) Reconciliation of accounting profit to income tax expenses

Items	Current period cumulative
Profit before tax	(37,180,844.49)
Income tax expenses based on applicable tax rate	(5,577,126.67)
Effect of different tax rate applicable to subsidiaries	(148,387.70)
Effect of prior income tax reconciliation	455,168.49
Effect of non-taxable income	
Effect of non-deductible costs, expenses and losses	779,399.28
Utilization of deductible losses not previously recognized	
Effect of deducible temporary differences or deductible losses not recognized	8,294,084.42
Income tax expenses	3,803,137.82

11. Other comprehensive income, net of income tax

Please refer to notes to other comprehensive income for details.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(III) Notes to items of the consolidated cash flow statement

1. Other cash receipts related to operating activities

Items	Current period cumulative	Preceding period comparative
Cash received for government grants other than tax refund	707,060.00	2,531,518.50
Interest income	10,947,379.84	8,788,352.75
Cash received from leasing of fixed assets (investment properties)	3,987,923.07	1,319,895.42
Others	21,898,793.48	1,589,458.99
Total	37,541,156.39	14,229,225.66

2. Other cash payments related to operating activities

Items	Current period cumulative	Preceding period comparative
Administrative expenses paid by cash	30,672,798.92	65,730,094.03
Selling expenses paid by cash	29,035,518.16	34,246,243.51
Bank charges included in finance costs	601,570.69	535,991.81
Lease payments of the manufacturing costs paid by cash	36,064,397.45	18,194,453.45
Note and letter of credit deposit paid by cash	36,978,216.92	
Others	8,951,280.20	21,504,993.84
Total	142,303,782.34	140,211,776.64

3. Other cash receipts related to investing activities

Items	Current period cumulative	Preceding period comparative
Difference between cash paid for investing and cash of the invested company at opening date		109,367,665.89
Entrusted loan	50,000,000.00	
Total	50,000,000.00	109,367,665.89

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(III) Notes to items of the consolidated cash flow statement (Continued)

4. Other cash payments related to investing activities

Items	Current period cumulative	Preceding period comparative
Entrusted loan	50,000,000.00	50,000,000.00
Total	50,000,000.00	50,000,000.00

5. Other cash receipts related to financing activities

Items	Current period cumulative	Preceding period comparative
Sale and repurchase agreement	10,000,000.00	
Total	10,000,000.00	

6. Other cash payments related to financing activities

Items	Current period cumulative	Preceding period comparative
Charge and interest payment for sale and repurchase agreement	545,195.00	
Total	545,195.00	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(III) Notes to items of the consolidated cash flow statement (Continued)

7. Supplement information to the cash flow statement

(1) Supplement information to the cash flow statement

Supplement information	Current period cumulative	Preceding period comparative
(1) Reconciliation of net profit to cash flow from operating activities:		
Net profit	(40,983,982.31)	7,373,192.57
Add: Provision for assets impairment loss	2,890,503.88	36,270,540.53
Depreciation of fixed assets, oil and gas assets, productive biological assets	58,392,440.77	56,850,235.84
Amortization of intangible assets	3,067,597.40	2,829,983.47
Amortization of long-term prepayments	481,166.25	
Loss on disposal of fixed assets, intangible assets and other non-current assets (Less: gains)	(666,913.67)	(1,511,204.12)
Fixed assets retirement loss (Less: gains)		
Losses on changes in fair value (Less: gains)		
Financial expenses (Less: gains)	13,178,452.54	8,018,833.58
Investments losses (Less: gains)	(18,292,039.01)	(105,623,960.58)
Decrease of deferred tax assets (Less: increase)	3,316,161.43	(3,569,407.04)
Increase of deferred tax liabilities (Less: decrease)	(800,810.99)	(984,844.02)
Decrease in inventories (Less: increase)	(44,509,781.24)	25,208,116.85
Decrease in operating receivables (Less: increase)	(197,409,217.74)	(106,532,196.49)
Increase of operating payables (Less: decrease)	191,089,221.86	(33,646,089.54)
Others	(36,328,253.72)	
Net cash flow from operating activities	(66,575,454.55)	(115,316,798.95)
(2) Significant investing and financing activities not related to cash receipts and payments:		
Conversion of debt into share capital		
Convertible bonds due within one year		
Fixed assets rented in under finance leases		
(3) Net changes in cash and cash equivalents:		
Cash at the end of the period	238,801,619.70	379,793,686.19
Less: Cash at the beginning of the period	379,793,686.19	219,904,310.13
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase of cash and cash equivalents	(140,992,066.49)	159,889,376.06

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

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

(III) Notes to items of the consolidated cash flow statement (Continued)

7. Supplement information to the cash flow statement (Continued)

(2) Cash and cash equivalents

Items	Closing balance	Opening balance
1) Cash	238,801,619.70	379,793,686.19
Including: Cash on hand	646,392.30	859,738.62
Cash in bank on demand for payment	238,155,227.40	373,397,206.11
Other cash and bank balances on demand for payment		5,536,741.46
Central bank deposit on demand for payment		
Deposit in other banks		
Loans to other banks		
2) Cash equivalents		
Including: Bond investments maturing within three months		
3) Cash and cash equivalents at the end of the period	238,801,619.70	379,793,686.19
Including: Cash and cash equivalents of parent company or subsidiaries with use restrictions		

(IV) Others

1. Assets with title or use right restrictions

(1) Details

Items	Closing carrying amount	Reasons for Restrictions
Other cash and bank balances	22,919,440.68	Deposit
Cash in bank	14,058,776.25	Pledged time deposit
Notes receivable	25,317,295.30	Pledged
Fixed assets	49,327,797.04	Mortgage
Intangible assets	4,435,619.79	Mortgage

2. Monetary items in foreign currencies

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent
Cash and bank balances			
Including: USD	74,238.86	6.1190	454,267.57
EUR	572.04	7.4556	4,264.90
HKD	4,393.53	9.5437	41,930.54
Accounts payable			
Including: USD	12,053,684.44	6.1190	73,756,495.09
EUR			
Long-term borrowings			
Including: USD			
EUR	1,079,748.75	7.4556	8,050,174.78

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

VI. CHANGES IN THE CONSOLIDATED SCOPE

None

VII. EQUITY IN OTHER ENTITIES

(I) Equity in significant subsidiaries

(1) Basis information

Subsidiaries	Main operating place	Place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
Jiangsu Fasten Photonics Co., Ltd.	Jiangyin City	Jiangyin City	Manufacture		45.00	business combination not under common control
Jiangsu Fasten Optical Cable Co., Ltd.	Jiangyin City	Jiangyin City	Manufacture		45.00	business combination not under common control
Houma Potevio Fasten Cable Communications Co., Ltd..	Houma City	Houma City	Manufacture		45.00	business combination not under common control
Putian Fasten Cable Telecommunication Co. Ltd.	Jiangyin City	Jiangyin City	Manufacture	45.00		business combination not under common control
Chengdu Zhongling Radio Communications Co., Ltd.	Chengdu	Chengdu	Manufacture	90.00	6.67	business combination not under common control
Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant	Chengdu	Chengdu	Manufacture	66.67		business combination not under common control
Chengdu SEI Optical Fiber Co., Ltd.	Chengdu	Chengdu	Manufacture	60.00		business combination not under common control

(2) Other remarks

1) **Basis for the control of an investee while holding its half or less than half voting rights, and the non-control of an investee while holding its more than half voting rights**

As the Company holds the majority of the voting right (45%) in the board meetings of Putian Fasten Cable Telecommunication Co. Ltd., that the Company could control its financial and operation decision, and have a privileged variable return. Therefore the Company combined the financial statements of Putian Fasten Cable Telecommunication Co. Ltd. in these consolidated financial statements.

2) **Basis for determining an entity being acting as an agent or a principal**

The determination of whether the Company is an agent or a trustor requires comprehensive consideration of the relationship among the decision-maker, invested party and other parties, including the following four major factors:

- a Scope of decision-making of the decision-maker in the invested party.
- b Substantive rights of other parties.
- c Remuneration level of the decision-maker.
- d Risk of variable returns of the decision-maker due to other interests held in the invested party.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

(I) Equity in significant subsidiaries (Continued)

2. Significant not wholly-owned subsidiaries

Subsidiaries	Holding proportion of non-controlling interest	Profit or loss attributable to non-controlling interest	Dividend declared to non-controlling interest	Closing balance of non-controlling interest
Chengdu Zhongling Radio Communications Co., Ltd.	3.33%	(100,868.67)		2,024,617.26
Chengdu Telecom Cable Shuangliu Heat Shrinkage Product Plant	33.33%	(517,069.96)		19,256,800.08
Chengdu SEI Optical Fiber Co., Ltd.	40.00%	1,804,062.66		64,973,261.54
Putian Fasten Cable Telecommunication Co Ltd.	55.00%	(12,665,677.70)		266,906,362.89

3. Main financial information of significant not wholly-owned subsidiaries

(1) Assets and liabilities

(Expressed in RMB Ten Thousand)

Subsidiaries	Closing balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Chengdu Zhongling Radio Communications Co., Ltd.	6,122.51	1,297.52	7,420.03	1,340.10		1,340.10
Chengdu Telecom Cable Shuangliu Heat Shrinkage Product Plant	5,405.13	11,390.84	16,795.97	3,625.80	7,392.56	11,018.35
Chengdu SEI Optical Fiber Co., Ltd.	21,528.46	3,874.08	25,402.53	9,159.22		9,159.22
Putian Fasten Cable Telecommunication Co Ltd.	50,395.26	34,804.86	85,200.12	35,657.22	1,014.47	36,671.69

Subsidiaries	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Chengdu Zhongling Radio Communications Co., Ltd.	7,596.79	1,553.05	9,149.84	2,767.00		2,767.00
Chengdu Telecom Cable Shuangliu Heat Shrinkage Product Plant	6,332.37	11,943.53	18,275.90	4,579.60	7,763.54	12,343.15
Chengdu SEI Optical Fiber Co., Ltd.	14,274.16	4,169.76	18,443.92	2,233.62	418.00	2,651.62
Putian Fasten Cable Telecommunication Co Ltd.	55,189.73	31,895.57	87,085.30	33,055.23	1,124.75	34,179.98

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

(I) Equity in significant subsidiaries (Continued)

3. Main financial information of significant not wholly-owned subsidiaries (Continued)

(2) Profit or loss and cash flows

(Expressed in RMB Ten Thousand)

Subsidiaries	Current period cumulative			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Chengdu Zhongling Radio Communications Co., Ltd.	5,135.31	(302.91)	(302.91)	1,163.38
Chengdu Telecom Cable Shuangliu Heat Shrinkage Product Plant	4,252.36	(155.14)	(155.14)	661.16
Chengdu SEI Optical Fiber Co., Ltd.	18,672.99	451.02	451.02	819.30
Putian Fasten Cable Telecommunication Co Ltd.	48,252.26	(1,655.44)	(1,655.44)	613.23

Subsidiaries	Preceding period comparative			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Chengdu Zhongling Radio Communications Co., Ltd.	9,114.83	51.76	51.76	1,163.38
Chengdu Telecom Cable Shuangliu Heat Shrinkage Product Plant	6,111.12	(231.12)	(231.12)	661.16
Chengdu SEI Optical Fiber Co., Ltd.	16,017.37	1,251.92	1,251.92	(2,655.03)
Putian Fasten Cable Telecommunication Co Ltd.	43,344.31	73.71	73.71	(1,193.77)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

(II) Transactions resulting in changes in subsidiaries' equity but without losing control

1. Changes in subsidiaries' equity

Subsidiaries	Date of change	Holding proportion before change	Holding proportion after change
Jiangsu Fasten Photonics Co., Ltd.	30 November 2014	82.003%	100.00%

2. Effect of transactions on non-controlling interest and equity attributable to parent company

Items	Jiangsu Fasten Photonics Co., Ltd
Acquisition costs/disposal considerations	
Cash	27,214,500.00
Fair value of non-cash assets	
Total acquisition costs/disposal considerations	27,214,500.00
Less: Share in subsidiaries' net assets based on acquired/disposed net assets proportion	27,604,324.64
Balance	
Including: Capital reserve adjusted	389,824.64
Surplus reserve adjusted	
Undistributed profit adjusted	

(III) Equity in joint venture or associates

1. Significant joint ventures or associates

Joint ventures or associates	Main operating place	Place of registration	Business nature	Holding proportion (%)		Accounting treatment
				Direct	Indirect	
Chengdu Yuexin Telecommunications Materials Co., Ltd.	Chengdu	Chengdu	Manufacture	35.00		Equity method
Chengdu Bada Connector Co., Ltd.	Chengdu	Chengdu	Manufacture	49.00		Equity method

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

VII. EQUITY IN OTHER ENTITIES (CONTINUED)

(III) Equity in joint venture or associates (Continued)

2. Main financial information of significant associates

Items	Closing balance/current period cumulative		Opening balance/preceding period comparative	
	Chengdu Yuexin		Chengdu Yuexin	
	Telecommunications Materials Co., Ltd.	Chengdu Bada Connector Co., Ltd.	Telecommunications Materials Co., Ltd.	Chengdu Bada Connector Co., Ltd.
Current assets	265.00	68,046,600.11		70,816,809.06
Non-current assets	2,815,626.64	3,587,424.71		4,128,900.26
Total assets	2,815,891.64	71,634,024.82		74,945,709.32
Current liabilities	113,120.82	63,373,329.26		67,141,311.97
Non-current liabilities				
Total liabilities	113,120.82	63,373,329.26		67,141,311.97
Non-controlling interest		82,400.20		81,766.67
Equity attributable to owners of parent company	2,702,770.82	8,178,295.36		7,722,630.67
Proportionate share in net assets	945,969.79	4,007,364.70		3,784,089.02
Adjustments				
Goodwill				
Unrealized profit in internal trading				
Others				
Carrying amount of investments in associates				
Fair value of equity investments in associates in association with quoted price		105,526,441.07		
Operating revenue				
Net profit	(133,054.00)	455,664.69		463,567.19
Net profit of discontinued operations				
Other comprehensive income				
Total comprehensive income	(133,054.00)	455,664.69		463,567.19
Dividend from associates received in current period				

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

The Company aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Company's financial performance. Based on such objectives, the Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Company has exposure to the following risks from its use of financial instruments, which mainly include: credit risk, liquidity risk, and market risk. Management have deliberated and approved policies concerning such risks, and details are:

(I) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's credit risk is primarily attributable to bank balances and receivables. In order to control such risks, the Company has taken the following measures:

1. Bank balances

The Company deposits its bank balances in financial institutions with relatively high credit levels, hence, its credit risk is relatively low.

2. Receivables

The Company performs credit assessment on customers who uses credit settlement on a regular/continuous basis. The Company selects credible and well-reputed customers based on credit assessment result, and conducts ongoing monitoring on receivables, to avoid significant risks in bad debts.

As the Company's credit risks fall into several business partners and customers, as of 31 December 2014, 22.59% (2013: 18.30%) of the total accounts receivable was due from the five largest customers of the Company. The Company has no significant central credit risk.

(1) Analysis of receivables not past due but impaired and receivables past due but not impaired are as follows:

Items	Neither past due nor impaired	Closing balance			Total
		Past due but not impaired			
		Within one year	1-2 years	Over 2 years	
Notes receivable	111,630,904.90				111,630,904.90
Accounts receivable	344,336,573.69				344,336,573.69
Subtotal	455,967,478.59				455,967,478.59

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

(I) Credit risk (Continued)

2. Receivables (Continued)

(1) (Continued)

Items	Neither past due nor impaired	Opening balance			Total
		Within one year	1–2 years	Over 2 years	
Notes receivable	85,549,034.50				85,549,034.50
Accounts receivable	251,592,617.57				251,592,617.57
Subtotal	337,141,652.07				337,141,652.07

(2) Please refer notes of consolidated financial statements to receivables for details on impairment of receivables made on an individual basis.

(II) Liquidity risk

Liquidity risk is the risk that the Company may encounter deficiency of funds in meeting obligations associated with cash or other financial assets settlement, which is possibly attributable to failure in selling financial assets at fair value on a timely basis, or failure in collecting liabilities from counterparts of contracts, or early redemption of debts, or failure in achieving estimated cash flows.

In order to control such risk, the Company utilized financing tools such as notes settlement, bank borrowings, etc. and adopts long and short financing methods to optimizing financing structures, and finally maintains a balance between financing sustainability and flexibility. The Company has obtained credit limit from several commercial banks to meet working capital requirements and expenditures.

Financial instruments classified based on remaining time period till maturity

Items	Carrying amount	Contract amount not yet discounted	Closing balance		
			Within one year	1–3 years	Over 3 years
Financial liabilities					
Bank borrowings	200,000,000.00	207,642,350.00	207,642,350.00		
Notes payable	10,000,000.00	10,000,000.00	10,000,000.00		
Accounts payable	264,997,179.71	264,997,179.71	264,997,179.71		
Others payables	63,524,519.49	63,524,519.49	63,524,519.49		
Long-term borrowings	8,050,174.78	8,050,174.78			8,050,174.78
Subtotal	546,571,873.98	554,214,223.98	546,164,049.20		8,050,174.78

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

(II) Liquidity risk (Continued)

Items	Carrying amount	Contract amount not yet discounted	Opening balance		
			Within one year	1–3 years	Over 3 years
Financial liabilities					
Bank borrowings	225,000,000.00	227,982,208.34	227,982,208.34		
Notes payable					
Accounts payable	162,713,039.47	162,713,039.47	162,713,039.47		
Others payables	56,785,561.02	56,785,561.02	56,785,561.02		
Long-term borrowings	9,090,296.75	9,090,296.75			9,090,296.75
Subtotal	453,588,897.24	456,571,105.58	447,480,808.83		9,090,296.75

(III) Market risk

Market risk is the risk that the Company may encounter fluctuation in fair value of financial instruments or future cash flows due to changes in market price.

1. Interest risk

Interest risk is the risk that an enterprise may encounter fluctuation in fair value of financial instruments or future cash flows due to changes in market interest. The Company's interest risk relates mainly to borrowings with floating interest rate.

As of 31 December 2014, balance of borrowings with interest accrued at floating interest rate totaled 200,000,000.00 yuan (2013: 225,000,000.00 yuan). If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's gross profit and equity will not be significantly affected.

2. Foreign currency risk

Foreign currency risk is the risk arising from changes in fair value or future cash flows of financial instrument resulted from changes in exchange rate. The Company's foreign currency risk relates mainly to foreign currency monetary assets and liabilities. When short-term imbalance occurred to foreign currency assets and liabilities, the Company may trade foreign currency at market exchange rate when necessary, in order to maintain the net risk exposure within an acceptable level.

Please refer to notes to foreign currency monetary items for details in foreign currency financial assets and liabilities at the end of the period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

IX. FAIR VALUE DISCLOSURE

(I) Details of fair value of assets and liabilities at fair value at the balance sheet date

Items	Fair value as of the balance sheet date			Total
	Level 1	Level 2	Level 3	
Recurring fair value measurement				
Available-for-sale financial assets	4,377,324.00			4,377,324.00
Debt instrument investments				
Equity instrument investments	4,377,324.00			4,377,324.00
Others				
Total assets at recurring fair value measurement	4,377,324.00			4,377,324.00

(II) Basis for determining level 1 fair value at recurring and non-recurring fair measurement

Price (unadjusted) of similar assets or liabilities in active market.

(III) Financial assets and liabilities not measured at fair value

Financial assets and liabilities not measured at fair value mainly include: accounts receivable, short-term borrowings, and accounts payable.

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(I) Related party relationships

1. Details of parent company

(1) Parent company

Parent company	Place of registration	Business nature	Registered capital	Holding proportion over the Company (%)	Voting right proportion over the Company (%)
China Potevio Company Limited	Beijing	Manufacture of telecommunication products	190,000.00	60.00	60.00

(2) The Company's ultimate controlling party is China PUTIAN Corporation.

2. Please refer notes to equity in other entities for details on the Company's subsidiaries.

3. Please refer to notes to equity in other entities for details on the Company's significant joint ventures and associates.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(I) Related party relationships (Continued)

4. Other related parties of the Company

(1) Details

Related parties	Relationships with the Company
Nanjing PUTIAN Intelligent Building Limited	Controlled by the same parent company
Nanjing Southern Telecom Co., Ltd.	Controlled by the same parent company
PUTIAN International Trading Co., Ltd.	Controlled by the same parent company
Chengdu Branch of China Potevio Company Limited	Controlled by the same parent company
Jiangsu Fasten Hongsheng Group Co. Ltd.	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	Entity controlled by 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.	Entity controlled by ultimate controller of shareholder holding more than 5% of the subsidiary shares
Jiangyin Hongtai Property Company Ltd.	Entity controlled by ultimate controller of shareholder holding more than 5% of the subsidiary shares
SUMITOMO ELECTRIC	Shareholder holding more than 5% of the subsidiary's shares
Sumitomo Electric Asia Ltd.	Entity controlled by ultimate controller of shareholder holding more than 5% of the subsidiary shares

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(II) Related party transactions

1. Purchase and sale of goods, rendering and receiving services

(1) Purchase of goods and receiving of services

Related parties	Content of transaction	Pricing policies for related party transactions	Current period cumulative	Preceding period comparative
Chengdu Bada Connector Co., Ltd.	Purchase of goods and receiving of services	Market price	81,366,372.76	90,662,185.75
China Potevio Company Limited	Purchase of goods and receiving of services	Market price	2,080,880.90	2,158.49
Jiangsu Fasten Hongsheng Group Co. Ltd.	Purchase of goods	Market price	92,453,978.80	35,275,787.41
Fasten Group Import & Export Co., Ltd.	Purchase of goods	Market price	3,390,976.92	92,191,664.62
Jiangsu Fasten Company Limited	Purchase of goods	Market price	2,305,452.94	4,572,287.91
Jiangyin Fasten Wire Products Company Limited	Purchase of goods	Market price	9,207,139.01	8,766,260.60
SUMITOMO ELECTRIC	Purchase of goods	Market price	3,259,231.46	3,096,939.30
Sumitomo Electric Asia Ltd.	Purchase of goods	Market price	148,711,907.98	88,847,303.89

(2) Sale of goods and rendering of services

Related parties	Content of transaction	Pricing policies for related party transactions	Current period cumulative	Preceding period comparative
China Potevio Company Limited	Sales of goods	Market price	35,597,014.41	46,457,690.33
Chengdu Bada Connector Co., Ltd.	Sales of goods and rendering of services	Market price	131,250.28	23,049,156.93
Nanjing Southern Telecom Co., Ltd.	Sales of goods	Market price	15,213,809.40	
Nanjing PUTIAN Intelligent Building Limited	Sales of goods	Market price	1,103,535.37	
Fasten Group Import & Export Co., Ltd.	Sales of goods	Market price	41,869,732.48	46,917,414.13
Fasten Optical Fibre Technology Company Limited	Sales of goods	Market price	12,017,829.56	4,466,099.15

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(II) Related party transactions (Continued)

2. Related party leases

The Company as the lessee

Lessors	Types of asset leased	Lease expenses for current period	Lease expenses for the preceding period
Jiangsu Fasten Company Limited	Machinery	20,706,084.00	20,706,084.00
Jiangsu Fasten Company Limited	Patent right	5,925,600.00	5,925,600.00
Fasten Group Co. Ltd.	Patent right	1,886,792.45	1,886,792.45
Jiangsu Fasten Hongsheng Group Co. Ltd.	Housing property	506,766.00	506,766.00

3. Related party guarantees

The Company and its subsidiaries as guaranteed parties

Guarantors	Amount guaranteed	Commencement date	Maturity date	Whether the guarantee is mature
China PUTIAN Corporation	8,050,174.78	21 February 1997	21 February 2033	No
Jiangsu Fasten Hongsheng Group Co. Ltd	40,000,000.00	9 May 2014	9 December 2015	No
Jiangsu Fasten Hongsheng Group Co. Ltd	60,000,000.00	20 November 2014	20 November 2015	No
Jiangyin Hongtai Property Company Ltd.	20,000,000.00	8 August 2014	8 August 2015	No
Jiangyin Hongtai Property Company Ltd.	30,000,000.00	3 April 2014	3 April 2015	No

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(II) Related party transactions (Continued)

4. Call loans between related parties

Related parties	Amount	Commencement date	Maturity date	Remarks
Call loans to related parties				
Chengdu Bada Connector Co., Ltd.	10,000,000.00	1 January 2014	31 December 2014	Interest income RMB672,000.00
Fasten Group Co. Ltd.	50,000,000.00	15 October 2013	14 October 2014	Interest income RMB2,594,794.52
Fasten Group Co. Ltd.	50,000,000.00	6 January 2014	5 January 2015	Interest income RMB3,354,372.15
Jiangsu Fasten Hongsheng Group Co. Ltd	65,000,000.00			No fixed time limitation, rotating within the maximum of RMB70 million, the amount of call loans is the average amount of the whole year, interest income for the current period totaled RMB5,070,000.00

5. Key management's emoluments

Items	Current period cumulative	Preceding period comparative
Key management's emoluments	976,061.12	769,611.40

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(II) Related party transactions (Continued)

6. Directors' and supervisors' emoluments

Items	Fees	Current period cumulative		Total
		Wage, bonus, allowance, and subsidy	Social insurance premium	
Executive directors:				
Zhang Xiaocheng				
Ping Hao	238,305.00	45,740.00	78,527.73	362,572.73
Cong Huisheng				
Chen Ruowei				
Du Xinhua				
Fan Xu	138,263.00	45,740.00	74,345.70	258,348.70
Independent non-executive directors				
Choy Sze Chung, Jojo	50,000.04			50,000.04
Xiao Xiaozhou	50,000.04			50,000.04
Li Yuanpeng	50,000.04			50,000.04
Supervisors:				
Zheng zhili				
Xiong Ting	120,759.00	9,740.00	30,509.06	161,008.06
Dai Xiaoyi	76,896.00	3,452.00	19,471.32	99,819.32
Total	724,223.12	104,672.00	202,853.81	1,031,748.93

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(II) Related party transactions (Continued)

6. Directors' and supervisors' emoluments (Continued)

Items	Fees	Preceding period comparative Wage, bonus, allowance, and subsidy	Social insurance premium	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	20,833.35			20,833.35
Wu Zhengde	25,000.02			25,000.02
Li Yuanpeng	50,000.04			50,000.04
Supervisors:				
Zheng zhili				
Xiong Ting	84,981.00	9,740.00	28,614.85	123,335.85
Dai Xiaoyi	51,338.95	6,644.00	19,597.92	77,580.87
Total	547,457.40	107,864.00	194,879.05	850,200.45

7. Five highest paid employees

The five employees whose emoluments were the highest for the year include 1 (2013: 1) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 4 (2013: 4) employees during the year are as follows:

Items	Number of individuals (2014)	Number of individuals (2013)
HK\$ nil–HK\$1 million	4	4

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(III) Balance due to or from related parties

1. Balance due from related parties

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Notes receivable	Jiangsu Fasten Optical Fibre Technology Company Limited			1,000,000.00	
Subtotal				1,000,000.00	
Accounts receivable	Nanjing PUTIAN Intelligent Building Limited	28,192.96	22,554.37	28,192.96	8,457.89
Accounts receivable	China Potevio Company Limited	31,159,635.58		24,760,461.68	
Accounts receivable	China PUTIAN Communications Zhuzhou Company Limited	160,000.00	160,000.00	160,000.00	160,000.00
Accounts receivable	Chengdu Branch of China Potevio Company Limited	227,952.99	182,362.39	227,952.99	68,385.90
Accounts receivable	Nanjing PUTIAN Telecommunications Company Limited			1,782,474.00	
Accounts receivable	Jiangsu Fasten Optical Fibre Technology Company Limited	13,429,952.20		4,997,196.00	
Accounts receivable	Jiangsu Fasten Pell New Materials Technology Co., Ltd.	245,012.60	73,503.78	245,012.60	24,501.26
Subtotal		45,250,746.33	438,420.54	32,201,290.23	261,345.05
Advances paid	Fasten Group Import & Export Co., Ltd.	159,753.18		420,000.00	
Subtotal		159,753.18		420,000.00	
Other receivables	Jiangsu Fasten Hongsheng Group Co. Ltd.	55,000,000.00		68,016,843.08	
Other receivables	China Potevio Company Limited	16,199.00			
Other receivables	Chengdu Bada Connector Co., Ltd.	10,722,437.85		10,901,726.83	
Other receivables	China PUTIAN Corporation			1,000,000.00	
Subtotal		65,738,636.85		79,918,569.91	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(III) Balance due to or from related parties (Continued)

2. Balance due to related parties

Items	Related parties	Closing balance	Opening balance
Accounts payable	Chengdu Bada Connector Co., Ltd.	12,211,183.11	43,216,082.57
Accounts payable	Jiangsu Fasten Company Limited		786,464.10
Accounts payable	Jiangsu Fasten Hongsheng Group Co. Ltd.	37,429,962.53	1,625,478.36
Accounts payable	Jiangyin Fasten Wire Products Company Limited	4,210,807.56	5,090,827.63
Accounts payable	Fasten Group Import & Export Co., Ltd.	24,375.17	1,266,753.50
Accounts payable	China Potevio Company Limited	33,761.00	
Accounts payable	SUMITOMO ELECTRIC		435,318.66
Accounts payable	SUMITOMO ELECTRIC ASIA LTD	73,618,430.13	15,611,879.50
Subtotal		127,528,519.50	68,032,804.32
Advances received	Fasten Group Import & Export Co., Ltd.		1,819,566.50
Subtotal			1,819,566.50
Other payables	Fasten Group Co. Ltd.		10,830,789.00
Subtotal			10,830,789.00

XI. COMMITMENTS AND CONTINGENCIES

(I) Significant commitments

None

(II) Contingencies

None

XII. EVENTS AFTER THE BALANCE SHEET DATE

None

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

XIII. OTHER SIGNIFICANT EVENTS

(I) Assets exchange

1. Non-cash assets exchange

(1) Assets exchanged in

In the year of 2014, 35% share of Chengdu Yuexin Telecommunications Materials Co., Ltd. was exchanged in using non-cash assets. The original cost was RMB1,159,955.56, including the fair value of exchanged non-cash assets and relevant tax.

(2) Assets exchanged out

In the year of 2014, part of machinery and equipment were exchanged out. The difference (RMB676,336.25) between carrying value (RMB418,878.57) and assessed value (RMB1,095,214.82) was recognized as profit or loss.

(II) Segment information

1. Identification basis and accounting policies for reportable segments

Reportable segments are identified based on operating segments which are determined based on the structure of the Company's internal organization, management requirements and internal reporting system. An operating segment is a component of the Company that:

- (1) engages in business activities from which it may earn revenues and incur expenses;
- (2) whose financial performance are regularly reviewed by Management to make decisions about resource to be allocated to the segment and assess its performance; and
- (3) for which financial information regarding financial position, financial performance and cash flows is available.

The Company identified reportable segments based on products. Assets, businesses and customers of the Company are substantially located in China, economic condition of which is considered to have similar risks and returns. Therefore, no analysis of this geographical segment is presented.

2. Financial information of reportable segments

Items	Copper cables and related products segment	Optical cable and related products segment	Cable joint and related products	Inter-segment offsetting	Total
Revenue from main operations	234,964,835.54	654,546,858.09	36,498,021.89	(1,874,705.11)	924,135,010.41
Cost of main operations	226,828,192.18	592,277,733.87	29,506,229.92	(3,955,702.02)	844,656,453.95
Total assets	1,129,366,538.89	1,106,026,504.99	167,959,720.58	(415,903,701.03)	1,987,449,063.43
Total liabilities	123,323,098.09	458,309,054.98	110,183,542.71	(25,283,700.77)	666,531,995.01

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

XIII. OTHER SIGNIFICANT EVENTS (CONTINUED)

(III) Other financial information

Items	Closing balance		Opening balance	
	Consolidated	Parent company	Consolidated	Parent company
Net current assets	636,012,977.69	299,676,441.41	705,768,636.67	298,192,666.76
Total assets less current liabilities	1,413,587,416.12	953,844,218.20	1,498,094,900.10	985,166,099.40

XIV. NOTES TO ITEMS OF PARENT COMPANY FINANCIAL STATEMENTS

(I) Notes to items of parent company balance sheet

1. Accounts receivable

(1) Details

1) Details on categories

Categories	Book balance		Closing balance		Carrying amount
	Amount	Proportion (%)	Provision for bad debts		
			Amount	Provision proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis					
Receivables with provision made on a collective basis using portfolios with similar credit risk features	72,166,399.88	78.75	16,437,908.63	22.78	55,728,491.25
Receivable of individually insignificant amount but with provision made on an individual basis	19,478,486.83	21.25	19,478,486.83	100.00	
Total	91,644,886.71	100.00	35,916,395.46	39.19	55,728,491.25

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

XIV. NOTES TO ITEMS OF PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of parent company balance sheet (Continued)

1. Accounts receivable (Continued)

(1) Details (Continued)

1) Details on categories (Continued)

Categories	Book balance		Opening balance		Carrying amount
	Amount	Proportion (%)	Amount	Provision	
				proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis					
Receivables with provision made on a collective basis using portfolios with similar credit risk features	38,593,359.62	57.96	15,965,061.70	41.37	22,628,297.92
Receivable of individually insignificant amount but with provision made on an individual basis	27,995,054.66	42.04	20,493,486.83	73.20	7,501,567.83
Total	66,588,414.28	100.00	36,458,548.53	54.75	30,129,865.75

2) In portfolios, accounts receivable with provision made on a collective basis with age analysis method

Ages	Book balance	Closing balance	
		Provision proportion (%)	Provision for bad debts
Within 1 year	54,658,089.76	75.74	
1-2 years	331,101.75	0.46	33,110.18
2-3 years	433,355.81	0.60	130,006.74
3-5 years	2,345,304.24	3.25	1,876,243.39
Over 5 years	14,398,548.32	19.95	14,398,548.32
Subtotal	72,166,399.88	100.00	16,437,908.63

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

XIV. NOTES TO ITEMS OF PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of parent company balance sheet (Continued)

1. Accounts receivable (Continued)

(2) Age analysis

Ages	Book balance	Closing balance	
		Provision for bad debts	Provision proportion (%)
Within 1 year	54,658,089.76		
1–2 years	331,101.75	33,110.18	10.00
2–3 years	433,355.81	130,006.74	30.00
3–5 years	3,940,238.21	3,471,177.36	88.10
Over 5 years	32,282,101.18	32,282,101.18	100.00
Subtotal	91,644,886.71	35,916,395.46	39.19

The credit terms granted to customers are generally 1 to 12 months. Accounts receivable that past due are reviewed by Management on a regular basis.

(3) Provisions made, collected or reversed in current period

Provision for bad debts made in current period totaled RMB-542,153.07, and none of provisions were collected or reversed in current period.

(4) Details of the top 5 debtors with largest balances

Debtors	Book balance	Proportion to the total balance of accounts receivable (%)	
		Provision for bad debts	
Shenzhen ZTE Kangxun Telecom Company Limited	18,752,869.26	20.46	
China Railway Construction Group CO., Ltd. Guizhou North station	7,309,752.26	7.98	
Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant	6,971,228.16	7.61	
CSR Investment & Leasing Co Ltd.	6,505,761.62	7.10	
China Mobile Guizhou Company Limited	2,566,329.59	2.80	
Subtotal	42,105,940.89	45.94	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

XIV. NOTES TO ITEMS OF PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of parent company balance sheet (Continued)

2. Other receivables

(1) Details

1) Details on categories of other receivables

Categories	Book balance		Closing balance		Carrying amount
	Amount	Proportion (%)	Provision for bad debts		
			Amount	Provision proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis					
Receivables with provision made on a collective basis using portfolios with similar credit risk features	55,472,377.25	93.41	24,502,975.14	44.17	30,969,402.11
Receivable of individually insignificant amount but with provision made on an individual basis	3,913,573.65	6.59	3,913,573.65	100.00	
Total	59,385,950.90	100.00	28,416,548.79	47.85	30,969,402.11

Categories	Book balance		Opening balance		Carrying amount
	Amount	Proportion (%)	Provision for bad debts		
			Amount	Provision proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis					
Receivables with provision made on a collective basis using portfolios with similar credit risk features	65,227,765.57	94.34	20,721,420.03	31.77	44,506,345.54
Receivable of individually insignificant amount but with provision made on an individual basis	3,913,573.65	5.66	3,913,573.65	100.00	
Total	69,141,339.22	100.00	24,634,993.68	35.63	44,506,345.54

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

XIV. NOTES TO ITEMS OF PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of parent company balance sheet (Continued)

2. Other receivables (Continued)

(1) Details (Continued)

2) In portfolios, other receivables with provision made on a collective basis with age analysis method

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	29,501,135.53	53.18	
1–2 years	13,536.26	0.02	1,353.63
2–3 years	4,257.37	0.01	1,277.21
3–5 years	7,265,518.92	13.10	5,812,415.13
Over 5 years	18,687,929.17	33.69	18,687,929.17
Subtotal	55,472,377.25	100.00	24,502,975.14

(2) Other receivables categorized by nature

Nature of receivables	Closing balance	Opening balance
Deposit as security	456,136.62	156,136.62
Call loans	26,000,000.00	36,000,000.00
Temporary advance payment receivable	32,929,814.28	32,985,202.60
Total	59,385,950.90	69,141,339.22

(3) Details of the top 5 debtors with largest balances

Debtors	Nature of receivables	Book balance	Age	Proportion to the total balance of other receivables (%)	
				Proportion to the total balance of other receivables (%)	Provision for bad debts
Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant	Current account	16,000,000.00	Within 1 year	26.93	
Chengdu Bada Connector Co., Ltd.	Call loans	10,722,437.85	Within 1 year	18.06	
Tazishan Materials Plant	Current account	8,391,138.00	Over 5 years	14.13	8,391,138.00
Tianyun Technology (Suzhou) Co., Ltd.	Payment for goods	4,786,324.75	3–4 years	8.06	3,829,059.80
Shenzhen FuZhang Company	Current account	3,566,915.53	Over 5 years	6.01	3,566,915.53
Subtotal		43,466,816.13		73.19	15,787,113.33

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

XIV. NOTES TO ITEMS OF PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of parent company balance sheet (Continued)

3. Long-term equity investments

(1) Categories

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	383,140,969.81		383,140,969.81	383,140,969.81		383,140,969.81
Investments in associates and joint ventures	5,246,654.71	125,903.35	5,120,751.36	5,520,496.77	125,903.35	5,394,593.42
Total	388,387,624.52	125,903.35	388,261,721.17	388,661,466.58	125,903.35	388,535,563.23

(2) Investments in subsidiaries

Investees	Opening balance	Increase	Decrease	Closing balance	Provision for impairment made in current period	Closing balance of provision for impairment
Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant	15,013,376.15			15,013,376.15		
Chengdu Zhongling Radio Communications Co., Ltd.	72,702,773.95			72,702,773.95		
Chengdu SEI Optical Fiber Co., Ltd.	70,424,819.71			70,424,819.71		
Putian Fasten Cable Telecommunication Co Ltd.	225,000,000.00			225,000,000.00		
Subtotal	383,140,969.81			383,140,969.81		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

XIV. NOTES TO ITEMS OF PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of parent company balance sheet (Continued)

3. Long-term equity investments (Continued)

(3) Investments in associates and joint ventures

Investees	Opening balance	Investments increased	Investments decreased	Increase/decrease	
				Investment income recognized under equity method	Adjustment in other comprehensive income
Associates					
Chengdu Telecommunications Cable Factory					
Chengdu Peak Power Sources Co., Ltd.	1,610,504.40		1,610,504.40		
Chengdu Bada Connector Co., Ltd.	3,784,089.02			223,275.68	
Chengdu Yuexin Telecommunications Materials Co., Ltd.		1,159,955.56		(46,568.90)	
Total	5,394,593.42	1,159,955.56	1,610,504.40	176,706.78	

Investees	Changes in other equity	Cash dividend/profit declared for distribution	Provision for impairment	Others	Closing balance	Closing balance of provision for impairment
Associates						
Chengdu Telecommunications Cable Factory						125,903.35
Chengdu Peak Power Sources Co., Ltd.						
Chengdu Bada Connector Co., Ltd.					4,007,364.70	
Chengdu Yuexin Telecommunications Materials Co., Ltd.					1,113,386.66	
Total					5,120,751.36	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

XIV. NOTES TO ITEMS OF PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

(I) Notes to items of parent company balance sheet (Continued)

3. Long-term equity investments (Continued)

(4) Remarks on investments in unlisted and listed companies

Items	Closing balance	Opening balance
Investments in unlisted companies	5,120,751.36	5,394,593.42
Investments in listed companies		
Total	5,120,751.36	5,394,593.42

(II) Notes to items of the parent company income statement

1. Operating revenue/cost

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Revenue from main operations	183,809,187.69	180,982,618.85	155,935,436.02	183,938,274.37
Revenue from other operations	28,658,504.96	18,574,500.15	27,011,127.17	20,940,758.10
Total	212,467,692.65	199,557,119.00	182,946,563.19	204,879,032.47

2. Investment income

(1) Details

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under cost method		9,000,000.00
Investment income from long-term equity investments under equity method	176,706.78	(11,636,582.71)
Gains on disposal of long-term equity investments	189,495.60	116,479,839.73
Gains on disposal of available-for-sale financial assets	11,976,669.96	
Others		166,536.89
Total	12,342,872.34	114,009,793.91

(2) Investment income from investments in unlisted company and listed company

Items	Current period cumulative	Preceding period comparative
Investment income from unlisted companies	176,706.78	(11,636,582.71)
Investment income from listed companies	11,976,669.96	
Subtotal	12,153,376.74	(11,636,582.71)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

XIV. NOTES TO ITEMS OF PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

(II) Notes to items of the parent company income statement (Continued)

3. Administrative expenses

Items	Current period cumulative	Preceding period comparative
Staff salaries	15,845,995.41	14,237,725.19
Depreciation and amortisation	3,713,844.34	4,660,305.86
Business entertainment	316,668.00	255,271.60
Office and travelling expenses	582,568.28	850,614.68
Research and development costs	3,151,884.34	607,670.68
Taxes	2,789,955.42	3,028,212.09
Agency fee	2,019,308.15	5,504,071.97
Transport repairs and maintenance	1,010,491.88	1,535,378.32
Water and electricity	4,060,676.66	3,477,376.94
Loss from work suspension	6,169,435.47	12,439,855.47
Others	4,928,989.85	5,966,112.08
Total	44,589,817.80	52,562,594.88

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

XV. OTHER SUPPLEMENTARY INFORMATION

(I) Non-recurring profit or loss

1. Schedule of non-recurring profit or loss of current period

Items	Amount	Remarks
Gains on disposal of non-current assets, including written-off of provision for impairment	180,073.02	
Tax refund, credit or exemption approved beyond the power of authorities, without formal documents, or with occasionality		
Government grant included in profit or loss (excluding those closely related to operating activities, or regular government grants)	8,596,940.40	
Fund possession charge from non-financial entities and included in profit or loss	5,070,000.00	
Gains on acquisition of subsidiaries, joint ventures and associates due to the surplus of acquisition-date fair value of net identifiable assets in acquiree over the acquisition cost		
Gains on non-cash assets exchange	676,336.25	
Gains on assets consigned to the third party for investment or management		
Assets impairment loss incurred due to force majeure such as natural disasters		
Gains on debt restructuring		
Entity restructuring expenses, such as staffing and integrating expenses		
Gains on transactions with unfair value		
Net profit gains on subsidiaries acquired through business combination under common control from the beginning of the period to the combination date		
Contingent gains on non-operating activities		
Gains on changes in fair value of held-for-trading financial assets and liabilities and investment income from disposal of held-for-trading financial assets and liabilities, and available-for-sale financial assets, excluding those arising from hedging business related to operating activities	11,976,669.96	
The reversed provision for impairment of receivables based on impairment testing on an individual basis		
Gains on designated loans	5,949,166.67	
Gains on changes in fair value of investment properties with subsequent measurement at the fair value mode		
Gains on reconciliation of current period profit or loss following legal and regulative requirements		
Management charges for consigned operations		
Other non-operating revenue or expenditures	544,647.58	
Other profit or loss satisfying the definition of non-recurring profit or loss		
Subtotal	32,993,833.88	
Less: enterprise income tax affected	634,911.73	
Non-controlling interest affected (after tax)	9,393,460.24	
Net non-recurring profit or loss attributable to shareholders of the parent company	22,965,461.91	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

XV. OTHER SUPPLEMENTARY INFORMATION (CONTINUED)

(II) RONA and EPS

1. Details

Profit of the reporting period	Weighted average RONA (%)	EPS (yuan/share)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of ordinary shares	(2.99)	(0.07)	(0.07)
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	(5.31)	(0.13)	(0.13)

2. Calculation process of weighted average RONA

Items	Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	(29,504,428.64)
Non-recurring profit or loss	B	22,965,461.91
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	(52,469,890.55)
Opening balance of net assets attributable to shareholders of ordinary shares	D	1,002,419,794.26
Net assets attributable to shareholders of ordinary shares increased due to offering of new shares or conversion of debts into shares	E	
Number of months counting from the next month when the net assets were increased to the end of the reporting period	F	
Net assets attributable to shareholders of ordinary shares decreased due to share repurchase or cash dividends appropriation	G	
Number of months counting from the next month when the net assets were decreased to the end of the reporting period	H	
Others Net assets increase due to acquisition of non-controlling interest	I	175,421.09
Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	J	1.00
Number of months in the reporting period	K	12.00
Weighted average net assets	$L = D + A \times 1/2 + E \times F / K - G \times H / K \pm I \times J / K$	987,682,198.36
Weighted average RONA	M=A/L	(2.99%)
Weighted average RONA after deducting non-recurring profit or loss	N=C/L	(5.31%)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

XV. OTHER SUPPLEMENTARY INFORMATION (CONTINUED)

(II) RONA and EPS (Continued)

3. Calculation process of basic EPS and diluted EPS

(1) Calculation process of basic EPS

Items	Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	(29,504,428.64)
Non-recurring profit or loss	B	22,965,461.91
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	(52,469,890.55)
Opening balance of total shares	D	400,000,000.00
Number of shares increased due to conversion of reserve to share capital or share dividend appropriation	E	
Number of shares increased due to offering of new shares or conversion of debts into shares	F	
Number of months counting from the next month when the share was increased to the end of the reporting period	G	
Number of shares decreased due to share repurchase	H	
Number of months counting from the next month when the share was decreased to the end of the reporting period	I	
Number of shares decreased in the reporting period	J	
Number of months in the reporting period	K	12.00
Weighted average of outstanding ordinary shares	$L=D+E+F \times \frac{G}{K}-H \times \frac{I}{K}-J$	400,000,000.00
Basic EPS	$M=A/L$	(0.07)
Basic EPS after deducting non-recurring profit or loss	$N=C/L$	(0.13)

(2) Calculation process of diluted EPS

The calculation process of diluted EPS is the same with that of basic EPS.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

XV. OTHER SUPPLEMENTARY INFORMATION (CONTINUED)

(III) Supplementary information on changes in accounting policies

Pursuant to changes in “CASBE 2 – Long-term Equity Investments” and other seven CSABEs promulgated by Ministry of Finance of PRC in 2014, the Company has adopted changes in such policies and retroactive adjustments are made on comparative financial statements. Restated balance sheets as at 1 January 2013 and 31 December 2013 are as follows:

Items	1 January 2013	31 December 2013	31 December 2014
Current assets:			
Cash and bank balances	219,904,310.13	379,793,686.19	275,779,836.62
Settlement funds			
Loans to other banks			
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable	51,453,086.64	85,549,034.50	111,630,904.90
Accounts receivable	100,375,592.35	272,577,132.00	373,667,184.47
Advances paid	3,552,218.93	26,685,368.50	8,549,776.94
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			27,500.02
Interest receivable			
Dividend receivable			
Other receivables	27,305,810.79	95,306,038.33	76,598,766.96
Reverse-repo financial assets			
Inventories	209,386,655.70	253,920,679.23	279,396,403.66
Assets classified as held-for-sale			
Non-current assets due within one year			
Other current asset	153,945.60	50,094,764.09	84,224,251.43
Total current assets	612,131,620.14	1,163,926,702.84	1,209,874,625.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

XV. OTHER SUPPLEMENTARY INFORMATION (CONTINUED)

(III) Supplementary information on changes in accounting policies (Continued)

Items	1 January 2013	31 December 2013	31 December 2014
Non-current assets:			
Loans and advances paid			
Available-for-sale financial assets	13,463,424.00	12,670,320.00	4,377,324.00
Held-to-maturity investments			
Long-term receivable			
Long-term equity investments	232,584,011.22	5,394,593.42	5,120,751.36
Investment property	3,218,586.22	7,047,402.35	20,239,848.89
Fixed assets	386,065,150.35	573,592,459.75	540,555,958.91
Construction in progress	11,523,787.59	26,713,325.99	32,090,307.12
Construction materials		869,295.66	
Disposal of fixed assets		146,343.16	
Productive biological assets			
Oil and gas assets			
Intangible assets	37,612,043.22	119,444,182.80	116,376,585.40
Development expenditures			
Goodwill		21,985,780.47	21,985,780.47
Long-term prepayment			15,681,483.88
Deferred tax assets	18,273,494.72	24,462,559.83	21,146,398.40
Other non-current assets			
Total non-current assets	702,740,497.32	792,326,263.43	777,574,438.43
Total assets	1,314,872,117.46	1,956,252,966.27	1,987,449,063.43

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

XV. OTHER SUPPLEMENTARY INFORMATION (CONTINUED)

(III) Supplementary information on changes in accounting policies (Continued)

Items	1 January 2013	31 December 2013	31 December 2014
Current liabilities:			
Short-term borrowings	11,000,000.00	225,000,000.00	200,000,000.00
Borrowings from central bank			
Absorbing deposit and interbank deposit			
Borrowings from other banks			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable			10,000,000.00
Accounts payable	66,971,873.01	162,713,039.47	264,997,179.71
Advances received	7,233,688.39	6,048,878.76	4,112,041.62
Proceeds of REPO financial assets			
Handling fee and commission payable			
Employee benefits payable	19,601,726.69	23,552,785.71	25,686,502.45
Taxes and rates payable	(19,360,945.98)	(15,942,198.79)	5,541,404.04
Interest payable			
Dividend payable			
Other payables	44,490,589.46	56,785,561.02	63,524,519.49
Reinsurance accounts payable			
Insurance policy reserve			
Deposit for agency security transaction			
Deposit for agency security underwriting			
Liabilities classified as held-for-sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities	129,936,931.57	458,158,066.17	573,861,647.31
Non-current liabilities:			
Long-term borrowings	8,980,918.20	9,090,296.75	8,050,174.78
Bonds payable			
Including: Premium share			
Perpetual bond			
Long-term payable			
Long-term employee benefits payable			
Special payable		302,000.00	
Provisions			
Deferred income	83,835,323.48	81,815,443.08	73,925,562.68
Deferred tax liabilities	1,610,313.60	12,436,849.48	10,694,610.24
Other non-current liabilities			
Total non-current liabilities	94,426,555.28	103,644,589.31	92,670,347.70
Total liabilities	224,363,486.85	561,802,655.48	666,531,995.01

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2014 (Monetary unit: RMB Yuan)

XV. OTHER SUPPLEMENTARY INFORMATION (CONTINUED)

(III) Supplementary information on changes in accounting policies (Continued)

Items	1 January 2013	31 December 2013	31 December 2014
Equity:			
Paid-in capital (share capital)	400,000,000.00	400,000,000.00	400,000,000.00
Other equity instrument			
Including: Preference shares			
Perpetual bonds			
Capital reserve	651,180,143.92	651,180,143.92	651,355,565.01
Less: treasury shares			
Other comprehensive income	9,198,610.40	8,450,972.00	3,116,211.94
Special reserve			
Surplus reserve	8,726,923.61	8,726,923.61	8,726,923.61
General risk reserve			
Undistributed profit	(65,411,028.78)	(65,938,245.27)	(95,442,673.91)
Total equity attributable to parent company	1,003,694,649.15	1,002,419,794.26	967,756,026.65
Non-controlling interest	86,813,981.46	392,030,516.53	353,161,041.77
Total equity	1,090,508,630.61	1,394,450,310.79	1,320,917,068.42
Total liabilities and equity	1,314,872,117.46	1,956,252,966.27	1,987,449,063.43

Chengdu PUTIAN Telecommunications Cable Co., Ltd.

20 March 2015

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*)
Wang Micheng (*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

Wang Micheng
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*)
Wang Micheng
Choy Sze Chung, Jojo
Li Yuanpeng
Xiao Xiaozhou

REGISTERED ADDRESS 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
Tel: (028) 8787 7008
Fax: (028) 8787 7001

CORPORATE INFORMATION *(Continued)*

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18/F,
Tesbury Centre,
28 Queen's Road East,
Wanchai, Hong Kong

BUSINESS REGISTRATION NUMBER

No. 1972 of Qi He Chuan Rong Zong Zi

TAXATION REGISTRATION NUMBER

51010920193968x

PLACE OF LISTING OF H SHARES

The Stock Exchange of Hong Kong Limited
Stock Code: 1202

AUDITOR

Pan-China Certified Public Accountants
Sec. B,
Beijing International Tower,
No.18 S Ave. Jia,
Zhongguancun,
Haidian District, Beijing,
The PRC
Postal Code: 100081

LEGAL ADVISERS

THE PRC

Sichuan Kaiping Law Firm
15th Floor, Block B, XinTianDi Mansion,
No. 424, Shuhan Road, Yangxixian,
Chengdu, Sichuan Province,
The PRC
Postal Code: 610036

HONG KONG

CFN Lawyers in association with Broad & Bright
27F, Neich Tower,
128 Gloucester Road,
Wan Chai,
Hong Kong

PRINCIPAL BANKERS

Sichuan branch,
Bank of China Limited
No. 35 Middle Renmin Road (2 Duan),
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 7001

THE COMPANY'S WEBSITE AND EMAIL

Website: <http://cdc.com.cn>

Email: cdc@cdc.com.cn