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**Potevio**  
**中国普天**

**成都普天電纜股份有限公司**

**CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED\***

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

(Stock Code: 1202)

## **2014 ANNUAL RESULTS ANNOUNCEMENT**

### **RESULTS**

The board of directors (the “Board”) of Chengdu PUTIAN Telecommunications Cable Company Limited (the “Company”) hereby announces the audited consolidated financial information of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2014 (the “Year”) together with comparative figures for the corresponding period of 2013 as follows:

\* *For identification purposes only*

## CONSOLIDATED BALANCE SHEET

Prepared by: CHENGDU PUTIAN  
TELECOMMUNICATIONS CABLE  
COMPANY LIMITED

31 December 2014  
*Monetary unit:  
RMB Yuan*

<b>Assets</b>	<b>End of year</b>	<b>Beginning of year</b>
<b>Current assets:</b>		
Cash and bank balances	<b>275,779,836.62</b>	379,793,686.19
Reserved deposits		
Loans to other financial institutions		
Financial assets at fair value through profit and loss		
Derivative financial assets		
Bills receivables	<b>111,630,904.90</b>	85,549,034.50
Accounts receivables	<b>373,667,184.47</b>	272,577,132.00
Prepayments	<b>8,549,776.94</b>	26,685,368.50
Premium receivable		
Reinsurance accounts receivable		
Reinsurance accounts receivable reserve		
Interest receivable	<b>27,500.02</b>	
Dividend receivable		
Other receivables	<b>76,598,766.96</b>	95,306,038.33
Financial assets acquired for resale		
Inventories	<b>279,396,403.66</b>	253,920,679.23
Held-for-sale assets		
Non-current assets due within one year		
Other current assets	<b>84,224,251.43</b>	50,094,764.09
<b>Total current assets</b>	<b><u>1,209,874,625.00</u></b>	<b><u>1,163,926,702.84</u></b>

## CONSOLIDATED BALANCE SHEET (CONTINUED)

Prepared by: CHENGDU PUTIAN  
TELECOMMUNICATIONS CABLE  
COMPANY LIMITED

31 December 2014

Monetary unit:  
RMB Yuan

Assets	End of year	Beginning of year
<b>Non-current assets:</b>		
Loans to others and advances		
Available-for-sale financial assets	<b>4,377,324.00</b>	12,670,320.00
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investments	<b>5,120,751.36</b>	5,394,593.42
Investment properties	<b>20,239,848.89</b>	7,047,402.35
Fixed assets	<b>540,555,958.91</b>	573,592,459.75
Construction in progress	<b>32,090,307.12</b>	26,713,325.99
Construction materials		869,295.66
Disposal of fixed assets		146,343.16
Productive biological assets		
Oil and gas assets		
Intangible assets	<b>116,376,585.40</b>	119,444,182.80
Development costs		
Goodwill	<b>21,985,780.47</b>	21,985,780.47
Long-term prepaid expenses	<b>15,681,483.88</b>	
Deferred tax assets	<b>21,146,398.40</b>	24,462,559.83
Other non-current assets		
<b>Total non-current assets</b>	<b><u>777,574,438.43</u></b>	<u>792,326,263.43</u>
<b>Total assets</b>	<b><u>1,987,449,063.43</u></b>	<u>1,956,252,966.27</u>

## CONSOLIDATED BALANCE SHEET (CONTINUED)

Prepared by: CHENGDU PUTIAN  
TELECOMMUNICATIONS CABLE  
COMPANY LIMITED

31 December 2014

Monetary unit:  
RMB Yuan

<b>Liabilities and equity</b>	<b>End of year</b>	<b>Beginning of year</b>
<b>Current liabilities:</b>		
Short-term loans	<b>200,000,000.00</b>	225,000,000.00
Borrowings from central banks		
Deposits taking and inter-bank deposits		
Loans from others		
Financial liabilities at fair value through profit and loss		
Derivative financial liabilities		
Bills payables	<b>10,000,000.00</b>	
Accounts payables	<b>264,997,179.71</b>	162,713,039.47
Receipts in advance	<b>4,112,041.62</b>	6,048,878.76
Proceeds from sales of repurchased financial assets		
Charges and commission payable		
Staff remuneration payable	<b>25,686,502.45</b>	23,552,785.71
Taxes payable	<b>5,541,404.04</b>	-15,942,198.79
Interest payable		
Dividend payable		
Other payables	<b>63,524,519.49</b>	56,785,561.02
Premium payable for reinsurance		
Provision for insurance contracts		
Customer brokerage deposits		
Securities underwriting brokerage deposits		
Held-for-sale liabilities		
Non-current liabilities due within one year		
Other current liabilities		
<b>Total current liabilities</b>	<b>573,861,647.31</b>	458,158,066.17

## CONSOLIDATED BALANCE SHEET (CONTINUED)

Prepared by: CHENGDU PUTIAN  
TELECOMMUNICATIONS CABLE  
COMPANY LIMITED

31 December 2014

Monetary unit:  
RMB Yuan

<b>Liabilities and equity</b>	<b>End of year</b>	Beginning of year
<b>Non-current liabilities:</b>		
Long-term loans	<b>8,050,174.78</b>	9,090,296.75
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Long-term payables		
Long-term staff remuneration payables		
Designated payables		302,000.00
Provision		
Deferred income	<b>73,925,562.68</b>	81,815,443.08
Deferred tax liabilities	<b>10,694,610.24</b>	12,436,849.48
Other non-current liabilities		
<b>Total non-current liabilities</b>	<b>92,670,347.70</b>	103,644,589.31
<b>Total liabilities</b>	<b>666,531,995.01</b>	561,802,655.48
<b>Equity:</b>		
Share capital	<b>400,000,000.00</b>	400,000,000.00
Other equity		
Including: Preference shares		
Perpetual bonds		
Capital reserve	<b>651,355,565.01</b>	651,180,143.92
Less: Treasury shares		
Other integrated income	<b>3,116,211.94</b>	8,450,972.00
Designated reserve		
Surplus reserve	<b>8,726,923.61</b>	8,726,923.61
General risk reserve		
Retained earnings	<b>-95,442,673.91</b>	-65,938,245.27
<b>Total equity attributable to the equity holders of the Company</b>	<b>967,773,179.71</b>	1,002,419,794.26
<b>Minority interests</b>	<b>353,161,041.77</b>	392,030,516.53
<b>Total equity</b>	<b>1,320,917,068.42</b>	1,394,450,310.79
<b>Total liabilities and equity</b>	<b>1,987,449,063.43</b>	1,956,252,966.27

## CONSOLIDATED INCOME STATEMENT

Prepared by: CHENGDU PUTIAN  
TELECOMMUNICATIONS CABLE  
COMPANY LIMITED

For the year  
2014

*Monetary unit:*  
*RMB Yuan*

Items	Current year	Corresponding period of Previous Year
<b>1. Total operating income</b>	<b>945,460,888.72</b>	915,481,305.70
Including: Operating income	<b>945,460,888.72</b>	915,481,305.70
Interest income		
Insurance premiums earned		
Charges and commission income		
<b>2. Total operating costs</b>	<b>1,010,742,273.87</b>	1,020,371,161.41
Including: Operating costs	<b>858,330,580.95</b>	823,306,611.89
Interest expense		
Charges and commission expense		
Retirement contributions		
Net claims paid		
Provision for insurance contracts net		
Bonus expense for insurance contracts		
Reinsurance expenses		
Business taxes and surcharges	<b>6,378,989.14</b>	4,456,645.73
Selling expenses	<b>38,823,775.01</b>	45,330,307.89
Administrative expenses	<b>101,485,731.50</b>	111,113,769.47
Finance costs	<b>2,832,693.39</b>	-106,714.10
Assets impairment loss	<b>2,890,503.88</b>	36,270,540.53
Add: Changes in fair value (Loss is denoted as “-”)		
Investment income (Loss is denoted as “-”)	<b>18,292,039.01</b>	105,623,960.58
Including: Investment income from associates and jointly controlled entities	<b>366,202.38</b>	104,843,257.02
Exchange gain (Loss is denoted as “-”)		
<b>3. Operating profit (Loss is denoted as “-”)</b>	<b>-46,989,346.14</b>	734,104.87
Add: Non-operating income	<b>10,062,770.55</b>	6,818,383.39
Including: Income from disposal of non-current assets	<b>197,139.49</b>	1,810,403.11
Less: Non-operating expenses	<b>254,268.90</b>	348,551.29
Including: Loss from disposal of non-current assets	<b>206,562.07</b>	197,339.68
<b>4. Total profit (Loss is denoted as “-”)</b>	<b>-37,180,844.49</b>	7,203,936.97
Less: Income tax expenses	<b>3,803,137.82</b>	-169,255.60
<b>5. Net profit (Loss is denoted as “-”)</b>	<b>-40,983,982.31</b>	7,373,192.57
Net profit attributable to equity holders of the Company	<b>-29,504,428.64</b>	-527,216.49
Minority interests	<b>-11,479,553.67</b>	7,900,409.06

## CONSOLIDATED INCOME STATEMENT (CONTINUED)

Prepared by: CHENGDU PUTIAN  
TELECOMMUNICATIONS CABLE  
COMPANY LIMITED

For the year  
2014

Monetary unit:  
RMB Yuan

Items	Current year	Corresponding period of Previous Year
<b>6. Net other comprehensive income after tax</b>	<b>-5,334,760.06</b>	-747,638.40
Net other comprehensive income after tax attributable to owners of the parent company		
(1) Other comprehensive income which cannot be reclassified to profit and loss in subsequent periods		
1. Changes in net liabilities or net assets arising from the re-measurement of defined benefit plans		
2. Share of other comprehensive income of investee that will be subsequently reclassified to profit and loss under equity method		
(2) Other comprehensive income that will be subsequently reclassified to profit and loss	<b>-5,334,760.06</b>	-747,638.40
1. Share of other comprehensive income of investee that will be subsequently reclassified to profit and loss under equity method		
2. Gains and losses from changes in fair value of available-for-sale financial assets	<b>-5,334,760.06</b>	-747,638.40
3. Gains and losses from held-to maturity investment reclassified as available-for-sale financial assets		
4. Effective part of hedging gains and losses from cash flows		
5. Exchange differences from retranslation of financial statements		
6. Others		
Net other comprehensive income after tax attributable to minority interests		
<b>7. Total comprehensive income</b>	<b>-46,318,742.37</b>	6,625,554.17
Total comprehensive income attributable to equity holders of the parent company	<b>-34,839,188.70</b>	-1,274,854.89
Total comprehensive income attributable to minority interests	<b>-11,479,553.67</b>	7,900,409.06
<b>8. Earnings per share:</b>		
(1) Basic earnings per share (RMB/share)	<b>-0.07</b>	-0.27
(2) Diluted earnings per share (RMB/share)	<b>-0.07</b>	-0.27

## CONSOLIDATED CASH FLOW STATEMENT

Prepared by: CHENGDU PUTIAN  
TELECOMMUNICATIONS CABLE  
COMPANY LIMITED

For the year  
2014

*Monetary unit:*  
*RMB Yuan*

Item	Current period	Corresponding period of Previous Year
<b>1. Cash flow from operating activities:</b>		
Cash received from sales of goods and rendering of services	<b>767,181,427.93</b>	982,284,366.09
Net increase in deposits from customers and interbank deposits		
Net increase in borrowings from central banks		
Net increase in loans from other financial institutions		
Cash received from insurance contracts		
Net cash received from reinsurance business		
Net increase in reserve funds and investments		
Net increase in disposal of financial assets at fair value through profit or loss		
Cash from interest income, charges and commission		
Net increase in placements from banks or other financial institutions		
Net increase in repurchased business funds		
Tax rebates received		100,856.63
Cash received from other activities related to operations	<b>37,541,156.39</b>	14,229,225.66
<b>Sub-total of cash inflow from operating activities</b>	<b>804,722,584.32</b>	996,614,448.38
Cash paid to purchase goods and services	<b>571,240,123.79</b>	815,693,603.97
Net increase in loans and advances from customers		
Net increase in deposits with central bank and inter-bank		
Cash paid for compensation under insurance contracts		
Cash paid for interest, charges and commission		
Cash paid for bonus under insurance contracts		
Cash paid to and on behalf of employees	<b>115,355,042.38</b>	116,027,343.35
All types of taxes paid	<b>42,399,090.36</b>	39,998,523.37
Cash paid for other activities related to operations	<b>142,303,782.34</b>	140,211,776.64
<b>Sub-total of cash outflow from operating activities</b>	<b>871,298,038.87</b>	1,111,931,247.33
<b>Net cash flow from operating activities</b>	<b>-66,575,454.55</b>	-115,316,798.95



## CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

Prepared by: CHENGDU PUTIAN  
TELECOMMUNICATIONS CABLE  
COMPANY LIMITED

For the year  
2014

Monetary unit:  
RMB Yuan

Item	Current period	Corresponding period of Previous Year
<b>2. Cash flow from investing activities:</b>		
Cash received from disposal of investments	<b>13,292,374.93</b>	286,371,000.00
Cash received from investment income	<b>5,921,666.65</b>	780,703.56
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	<b>1,048,832.75</b>	454,003.00
Net cash received from disposal of subsidiaries and other operating entities		
Cash received from other investing activities	<b>50,000,000.00</b>	109,367,665.89
<b>Sub-total of cash inflow from investing activities</b>	<b>70,262,874.33</b>	396,973,372.45
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	<b>37,835,550.09</b>	121,601,015.23
Cash paid for investments	<b>27,214,500.00</b>	
Net increase in pledged deposits		
Net cash paid for acquiring subsidiaries and other operating entities		
Cash paid for other investing activities	<b>50,000,000.00</b>	50,000,000.00
<b>Sub-total cash outflow from investing activities</b>	<b>115,050,050.09</b>	171,601,015.23
<b>Net cash flow from investing activities</b>	<b>-44,787,175.76</b>	225,372,357.22

## CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

Prepared by: CHENGDU PUTIAN  
TELECOMMUNICATIONS CABLE  
COMPANY LIMITED

For the year  
2014

Monetary unit:  
RMB Yuan

Item	Current period	Corresponding period of Previous Year
<b>3. Cash flow from financing activities:</b>		
Cash received from investors		
Including: Cash received by subsidiaries from minority shareholders		
Cash received from borrowings	<b>200,000,000.00</b>	231,000,000.00
Cash received from issuing bonds		
Cash received from other financing activities	<b>10,000,000.00</b>	
	<hr/>	<hr/>
<b>Sub-total of cash inflow from financing activities</b>	<b>210,000,000.00</b>	231,000,000.00
	<hr/>	<hr/>
Cash paid for repayments of loans	<b>225,000,000.00</b>	167,000,000.00
Cash paid for dividend, profit distribution and interest	<b>13,238,156.25</b>	14,972,851.92
Including: Cash paid by subsidiaries to minority shareholders for dividend and profit distribution		
Cash paid for other financing activities	<b>545,195.00</b>	
	<hr/>	<hr/>
<b>Sub-total cash outflow from financing activities</b>	<b>238,783,351.25</b>	181,972,851.92
	<hr/>	<hr/>
<b>Net cash flow from financing activities</b>	<b>-28,783,351.25</b>	49,027,148.08
	<hr/>	<hr/>
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>-846,084.93</b>	806,669.71
<b>5. Net increase in cash and cash equivalents</b>	<b>-140,992,066.49</b>	159,889,376.06
Add: Cash and cash equivalents at the beginning of the year	<b>379,793,686.19</b>	219,904,310.13
<b>6. Cash and cash equivalents at the end of the year</b>	<b>238,801,619.70</b>	379,793,686.19

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Prepared by: CHENGDU PUTIAN  
TELECOMMUNICATIONS CABLE  
COMPANY LIMITED

For the year  
2014

Monetary unit:  
RMB Yuan

Item	Current Period												
	Equity attributable to parent company's shareholders												
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Retained earnings	Minority interests	Total equity
		Preferred Shares	Perpetual bond	Others									
I. Balance at the end of last year	400,000,000.00			651,180,143.92		8,450,972.00		8,726,923.61		-65,938,245.27	392,030,516.53	1,394,450,310.79	
Add: changes of accounting policy													
Prior period errors correction													
Business combination involving enterprises under common control													
Others													
II. Balance at the beginning of the period	400,000,000.00			651,180,143.92	-	8,450,972.00	-	8,726,923.61	-	-65,938,245.27	392,030,516.53	1,394,450,310.79	
III. Increase/decrease during the period (decrease is denoted by "-")				175,421.09		-5,334,760.06				-29,504,428.64	-38,869,474.76	-73,533,242.37	
(I) Total comprehensive income						-5,334,760.06				-29,504,428.64	-11,479,553.67	-46,318,742.37	
(II) Owners' contribution or capital reduction				175,421.09							-27,389,921.09	-27,214,500.00	
1. Ordinary shares contributed by shareholders													
2. Capital invested by other equity instruments holders													
3. Share-based payment recorded into shareholders' equity													
4. Others				175,421.09							-27,604,324.64	-27,428,903.55	
(III) Retained earnings													
1. Appropriation to surplus reserves													
2. Appropriation to general risk provision													
3. Distribution to all owners													
4. Others													
(IV) Transfer within owners' equity													
1. Transferred from capital surplus (or share capital)													
2. Transferred from surplus reserve (or share capital)													
3. Surplus reserve made up losses													
4. Others													
(V) Special reserves													
1. Appropriation during the period													
2. Utilisation during the period													
(VI) Others													
IV. Balance at the end of the period	400,000,000.00			651,355,565.01		3,116,211.94		8,726,923.61		-95,442,673.91	353,161,041.77	1,320,917,068.42	

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS  
CABLE COMPANY LIMITED

For the year 2013

Monetary unit: RMB Yuan

		Corresponding period of Previous Year											
		Equity attributable to parent company's shareholders											
Item	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Retained earnings	Minority interests	Total equity
		Preferred Shares	Perpetual bond	Others									
I.	Balance at the end of last year	400,000,000.00			651,180,143.92		9,198,610.40		8,726,923.61		-65,411,028.78	86,813,981.46	1,090,508,630.61
	Add: changes of accounting policy												
	Prior period errors correction												
	Business combination involving enterprises under common control												
	Others												
II.	Balance at the beginning of the period	400,000,000.00			651,180,143.92		9,198,610.40		8,726,923.61		-65,411,028.78	86,813,981.46	1,090,508,630.61
III.	Increase/decrease during the period (decrease is denoted by "-")						-747,638.40				-527,216.49	305,216,535.07	303,941,680.18
	(I) Total comprehensive income						-747,638.40				-527,216.49	7,900,409.06	6,625,554.17
	(II) Owners' contribution or capital reduction											303,316,126.01	303,316,126.01
	1. Ordinary shares contributed by shareholders												
	2. Capital invested by other equity instruments holders												
	3. Share-based payment recorded into shareholders' equity												
	4. Others											303,316,126.01	303,316,126.01
	(III) Retained earnings											-6,000,000.00	-6,000,000.00
	1. Appropriation to surplus reserves												
	2. Appropriation to general risk provision												
	3. Distribution to all owners												
	4. Others											-6,000,000.00	-6,000,000.00
	(IV) Transfer within owners' equity												
	1. Transferred from capital surplus (or share capital)												
	2. Transferred from surplus reserve (or share capital)												
	3. Surplus reserve made up losses												
	4. Others												
	(V) Special reserves												
	1. Appropriation during the period												
	2. Utilisation during the period												
	(VI) Others												
IV.	Balance at the end of the period	400,000,000.00			651,180,143.92		8,450,972.00		8,726,923.61		-65,938,245.27	392,030,516.53	1,394,450,310.79

## NOTES TO THE FINANCIAL STATEMENTS

### I. BACKGROUND OF THE COMPANY

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 Potevio Company Limited 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.

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

#### (I) Basis of preparation of financial statements

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

#### (II) Statement of compliance with Accounting Standards for Business Enterprises

The financial statements of the Company were prepared under the requirements of China Accounting Standards for Business Enterprises, and truly and completely reflect the Company’s financial position, operating results, cash flows and other relevant information.

#### (III) Changes of Critical Accounting Policies

##### 1. *Change of Accounting Policies and its Reasons*

The Company has adopted “Accounting Standards for Business Enterprises No. 39 — Measurement of Fair Values”, “Accounting Standards for Business Enterprises No. 40 — Joint Venture Arrangement” and “Accounting Standards for Business Enterprises No. 41 — Disclosure of Interests in Other Entities” and the revisions to “Accounting Standards for Business Enterprises No. 2 — Long-term Equity Investment”, “Accounting Standards for Business Enterprises No. 9 — Staff Remuneration”, “Accounting Standards for Business Enterprises No.30- Presentation of Financial Statements” and “Accounting Standards for Business Enterprises No.33 — Consolidated Financial Statements” issued by the MOF in 2014 since 1 July 2014, and adopted the “Accounting Standards for Business Enterprises No.37 — Presentation of Financial Instruments” (2014 Revisions) in these financial statements.

2. *Balance Sheet Items Being Materially Affected and Impacts on Amounts*

<b>Balance sheet items being materially affected</b>	<b>Impact on Amounts</b>	<b>Remarks</b>
Balance sheet items as at 31 December 2013		
Other non-current liabilities	-81,815,443.08	
Deferred Income	81,815,443.08	
Capital reserve	-8,450,972.00	
Other consolidated income	8,450,972.00	

### III. TAXES

#### (I) Major taxes and tax rates

<b>Taxes</b>	<b>Tax bases</b>	<b>Tax rates</b>
Enterprise income tax	Taxable income	15%, 25%
Value-added tax (VAT)	The taxable revenue from sales of goods or rendering of services	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	RMB 6/m <sup>2</sup>

#### (II) Preferential tax treatment

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.

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.

#### IV. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

##### (I) Notes to items of consolidated balance sheet

##### 1. Bills receivables

###### (1) Details

<b>Item</b>	<b>End of the year</b>	Beginning of the year
Bank acceptance bills	<b>99,977,405.05</b>	66,071,258.07
Commercial acceptance bills	<b>11,653,499.85</b>	19,477,776.43
Total	<b><u>111,630,904.90</u></b>	<u>85,549,034.50</u>

###### (2) Bill receivables pledged as at the end of year

<b>Item</b>	<b>Amount pledged as at the end of the year</b>
Bank acceptance bills	25,317,295.30
Commercial acceptance bills	_____
Sub-total	<b><u>25,317,295.30</u></b>

###### (3) Details of bills receivables endorsed or discounted as at the end of the year but not yet due as at the balance sheet date

<b>Item</b>	<b>Amount derecognised as at the end of the year</b>	Amount not derecognised as at the end of the year
Bank acceptance bills	<b>108,442,067.20</b>	_____
Commercial acceptance bills	_____	_____
Sub-total	<b><u>108,442,067.20</u></b>	<u>_____</u>

## 2. Accounts receivable

### (1) Details

#### 1) Details of different categories of accounts receivable

Categories	Book balance		Closing balance Provision for bad debts		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	
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	
<b>Total</b>	<b>424,331,932.06</b>	<b>100.00</b>	<b>50,664,747.59</b>	<b>11.94</b>	<b>373,667,184.47</b>

Categories	Book balance		Opening balance Provision for bad debts		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	
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	
<b>Total</b>	<b>323,677,671.99</b>	<b>100.00</b>	<b>51,100,539.99</b>	<b>15.79</b>	<b>272,577,132.00</b>

#### 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
<b>Subtotal</b>	<b>6,019,363.00</b>	<b>1,504,840.75</b>	<b>25.00</b>	



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

<b>Ages</b>	<b>Book balance</b>	<b>Closing balance Provision for bad debts</b>	<b>Provision proportion (%)</b>
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	<u>398,652,382.23</u>	<u>29,499,720.01</u>	<u>7.40</u>

- (2) *Age analysis*

<b>Ages</b>	<b>Book balance</b>	<b>Closing balance Provision for bad debts</b>	<b>Provision proportion (%)</b>
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	<u>424,331,932.06</u>	<u>50,664,747.59</u>	<u>11.94</u>

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.

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

<b>Debtors</b>	<b>Book balance</b>	<b>Proportion to the total balance of accounts receivable (%)</b>	<b>Provision for bad debts</b>
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	
Guangxi Radio and Television Network Company	11,185,539.66	2.64	
Fujian Radio and Television Network Co., Ltd.	7,907,379.19	1.86	
Subtotal	<u>90,331,154.64</u>	<u>21.29</u>	

3. *Accounts payables*

(1) *Details*

<b>Item</b>	<b>End of the year</b>	<b>Beginning of the year</b>
Loan	<b>253,203,068.60</b>	147,820,871.90
Construction and equipment payables	<b>10,477,609.56</b>	12,796,166.21
Others	<b>1,316,501.55</b>	2,096,001.36
Total	<u><b>264,997,179.71</b></u>	<u>162,713,039.47</u>

(2) *Aging analysis*

<b>Age</b>	<b>End of the year</b>
Within 1 year	<b>252,211,370.56</b>
1-2 years	<b>7,941,322.22</b>
2-3 years	<b>772,611.37</b>
Over 3 years	<b>4,071,875.56</b>
Total	<u><b>264,997,179.71</b></u>

Credit terms offered by the suppliers to the Company are generally about 1 to 12 months.

#### 4. Other comprehensive income

Item	Current year		Less: Amount recognised in other comprehensive income in previous period and recognised in profit or loss in current year
	Beginning of the year	Before income tax of the year	
Other comprehensive income that cannot be reclassified to profit and loss in subsequent periods Including: Changes in net liabilities or net assets arising from the re-measurement of defined benefit plans Share of other comprehensive income of investee that cannot be subsequently reclassified to profit and loss under equity method			
Other comprehensive income that will be subsequently reclassified to profit and loss Including: Share of other comprehensive income of investee that will be subsequently reclassified to profit and loss under equity method	8,450,972.00	913,035.15	6,247,795.21
Gains and losses from changes in fair value of available-for-sale financial assets Gains and losses from held-to-maturity investment reclassified as available-for-sale financial assets Effective part of hedging gains and losses from cash flows Exchange differences from retranslation of financial statements	8,450,972.00	913,035.15	6,247,795.21
<b>Total other comprehensive income</b>	<b>8,450,972.00</b>	<b>913,035.15</b>	<b>6,247,795.21</b>

Item	Current year		End of the year
	Less: Income tax expenses	Attributable to equity holders of the parent company after tax	
Other comprehensive income that cannot be reclassified to profit and loss in subsequent periods Including: Changes in net liabilities or net assets arising from the re-measurement of defined benefit plans Share of other comprehensive income of investee that cannot be subsequently reclassified to profit and loss under equity method			
Other comprehensive income that will be subsequently reclassified to profit and loss Including: Share of other comprehensive income of investee that will be subsequently reclassified to profit and loss under equity method		-5,334,760.06	<b>3,116,211.94</b>
Gains and losses from changes in fair value of available-for-sale financial assets Gains and losses from held-to-maturity investment reclassified as available-for-sale financial assets Effective part of hedging gains and losses from cash flows Exchange differences from retranslation of financial statements			
<b>Total other comprehensive income</b>		<b>-5,334,760.06</b>	<b>3,116,211.94</b>

**(II) Notes to items of consolidated statement of profit****1. Operating income/operating costs**

Item	Current year		Prior year	
	Income	Costs	Income	Costs
Income from principal operations	924,135,010.41	844,656,453.95	895,672,612.87	799,280,839.53
Income from other operations	21,325,878.31	13,674,127.00	19,808,692.83	24,025,772.36
Total	<u>945,460,888.72</u>	<u>858,330,580.95</u>	<u>915,481,305.70</u>	<u>823,306,611.89</u>

**2. Business tax and surcharges**

Item	Current year	Prior year
Business tax	1,688,226.41	981,737.68
City construction tax	1,992,361.93	1,343,019.48
Education surcharges	1,037,258.90	936,974.28
Local education surcharges	144,726.78	99,865.51
Property tax	1,453,271.34	888,934.84
Price regulation fund	63,143.78	201,074.84
Others		5,039.10
Total	<u>6,378,989.14</u>	<u>4,456,645.73</u>

**3. Selling expenses**

Item	Current year	Prior year
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	<u>38,823,775.01</u>	<u>45,330,307.89</u>

#### 4. *Administrative expenses*

##### (1) *Details*

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

(2) *Administrative expenses for the current year included an audit fee of RMB1,080,000.00 (2013: RMB1,305,000.00).*

#### 5. *Finance costs*

<b>Item</b>	<b>Current year</b>	<b>Prior year</b>
Interest expenses	<b>13,372,489.58</b>	8,972,851.92
Including: Interests from bank loans, overdrafts and other loans due within 5 years	<b>13,372,489.58</b>	8,972,851.92
Less: Interest income	<b>10,947,379.84</b>	8,788,352.75
Exchange loss		128,498.32
Less: Exchange gain	<b>194,037.04</b>	955,703.40
Bank charges	<b>601,620.69</b>	535,991.81
Total	<b><u>2,832,693.39</u></b>	<b><u>-106,714.10</u></b>

## 6. *Income tax expense*

### (1) *Details*

<b>Item</b>	<b>Current year</b>	<b>Prior year</b>
Income tax expense for the year	<b>1,287,787.38</b>	4,266,029.86
Expense for deferred income tax	<b>2,515,350.44</b>	-4,435,285.46
	<hr/>	<hr/>
Total	<b><u>3,803,137.82</u></b>	<b><u>-169,255.60</u></b>

### (2) *Reconciliation of accounting profit and income tax expenses*

<b>Items</b>	<b>Beginning of the period</b>
Total profit	-37,180,844.49
Income tax expense based on applicable tax rate	-5,577,126.67
Impact of different tax rate applicable to subsidiaries	- 148,387.70
Impact of adjustment to income tax of previous periods	455,168.49
Impact of non-taxable income	
Impact of non-deductible cost, expenses and loss	779,399.28
Impact of the utilization of deductible loss of deferred income tax assets which have not been recognized in previous periods	
Impact of deductible temporary difference or deductible loss of deferred income tax assets which have not been recognized in previous periods	8,294,084.42
Income tax expenses	3,803,137.82

## (III) **Others**

### 1. *Foreign currency items*

<b>Item</b>	<b>Amount in foreign currency as at the end of the year</b>	<b>Exchange rate</b>	<b>Equivalent amount in RMB as at the end of the year</b>
Cash and bank balances			
Including: USD	74,238.86	6.1190	454,267.57
EUR	572.04	7.4556	4,264.90
GBP	4,393.53	9.5437	41,930.54
Accounts payables			
Including: USD	12,053,684.44	6.1190	73,756,495.09
EUR			
Long-term loans			
Including: USD			
EUR	1,079,748.75	7.4556	8,050,174.78

## V. EQUITY IN OTHER ENTITIES

### (I) Equity in major subsidiaries

#### 1. Composition of major subsidiaries

##### (1) Basic information

Name of subsidiaries	Principal place of business	Registered address	Nature of business	Equity held (%)		Acquisition method
				Direct	Indirect	
Jiangsu Fasten Photonics Co., Ltd.	Jiangyin City	Jiangyin City	Manufacturing		45.00	Business combination not involving entities under common control
Jiangsu Fasten Optical Cable Co., Ltd.	Jiangyin City	Jiangyin City	Manufacturing		45.00	Business combination not involving entities under common control
Houma Potevio Fasten Cable Communications Co., Ltd.	Houma City	Houma City	Manufacturing		45.00	Business combination not involving entities under common control
Putian Fasten Cable Telecommunication Co. Ltd.	Jiangyin City	Jiangyin City	Manufacturing	45.00		Business combination not involving entities under common control
Chengdu Zhongling Radio Communications Co., Ltd.	Chengdu	Chengdu	Manufacturing	90.00	6.67	Business combination not involving entities under common control
Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant	Chengdu	Chengdu	Manufacturing	66.67		Business combination not involving entities under common control
Chengdu SEI Optical Fiber Co., Ltd.	Chengdu	Chengdu	Manufacturing	60.00		Business combination not involving entities under common control

##### (2) Other details

- (1) Basis of holding half or below voting rights but still controlling the investee and holding more than half voting rights but not controlling the investee

As the Company holds 45% equity in Putian Fasten Cable Telecommunication Co. Ltd. and the majority of the voting rights in its board of directors and can receive variable returns through its control over the financial and operating decision, the Company consolidates the subsidiary in these consolidated financial statements.

- (2) Basis of determining whether the Company is an agent or a trustee

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

1. Scope of decision-making of the decision-maker in the investee.
2. Substantive rights of other parties.
3. Remuneration level of the decision-maker.
4. Risk of variable returns of the decision-maker due to other interests held in the investee.

## 2. Major non-wholly-owned subsidiaries

Name of subsidiaries	Equity held by minority shareholders	Profit or loss attributable to minority shareholders for the year	Dividends declared to minority shareholders for the year	Minority interests as at the end of the year
Chengdu Zhongling Radio Communications Co., Ltd.	3.33%	-100,868.67		2,024,617.26
Chengdu Telecom Cable Shuangliu Heat Shrinkable 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. Key financial information of major non-wholly-owned subsidiaries

### (1) Assets and liabilities

Monetary unit: 10 thousand RMB Yuan

Name of subsidiaries	Current assets	Non-current assets	End of the year		Non-current liabilities	Total liabilities
			Total assets	Current 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 Shrinkable 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

  

Name of subsidiaries	Current assets	Non-current assets	Beginning of the year		Non-current liabilities	Total liabilities
			Total assets	Current 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 Shrinkable 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



(2) Profit or loss and cash flow

Monetary unit: 10 thousand RMB Yuan

Name of subsidiaries	Current year			Cash flow from operating activities
	Operating income	Net profit	Total comprehensive income	
Chengdu Zhongling Radio Communications Co., Ltd.	5,135.31	-302.91	-302.91	1,163.38
Chengdu Telecom Cable Shuangliu Heat Shrinkable 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

  

Name of subsidiaries	Prior year			Cash flow from operating activities
	Operating income	Net profit	Total comprehensive income	
Chengdu Zhongling Radio Communications Co., Ltd.	9,114.83	51.76	51.76	1,163.38
Chengdu Telecom Cable Shuangliu Heat Shrinkable 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

**(II) Transaction upon which the Company still controls the subsidiary regardless of changes in equity**

1. Changes in equity in the subsidiary

Name of subsidiary	Time	Equity held before the change	Equity held after the change
Jiangsu Fasten Photonics Co., Ltd.	2014/11/30	82.003%	100%

2. Impact of transaction on minority interests and total equity attributable to the equity holders of the Company

Item	Jiangsu Fasten Photonics Co., Ltd.
Cost of acquisition/consideration of disposal	
Cash	27,214,500.00
Fair value of non-cash assets	
Total cost of acquisition/consideration of disposal	27,214,500.00
Less: Difference in shares of net assets of the subsidiary in proportion to the equity acquired/disposed of	27,604,324.64
Including: Adjusted capital reserve	389,824.64
Adjusted surplus reserve	
Adjusted retained earnings	

### (III) Equity in jointly controlled entities or associates

#### 1. Major jointly controlled entities or associates

Name of jointly controlled entities or associates	Principal place of business	Registered address	Nature of business	Equity held (%)		Accounting treatment of investment in jointly controlled entities or associates
				Direct	Indirect	
Chengdu Yuexin Communication Materials Co., Ltd. (成都月欣通信材料有限公司)	Chengdu	Chengdu	Manufacturing	35		Equity method
Chengdu Bada Connector Co., Ltd	Chengdu	Chengdu	Manufacturing	49		Equity method

#### 2. Key financial information of major associates

Item	End of the year/current year		Beginning of the year/prior year	
	Chengdu Yuexin Communication Materials Co., Ltd.	Chengdu Bada Connector Co., Ltd	Chengdu Yuexin Communication 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
Minority interests		82,400.20		81,766.67
Equity attributable to the equity holders of parent company	2,702,770.82	8,178,295.36		7,722,630.67
Shares of net assets in proportion to the equity	945,969.79	4,007,364.70		3,784,089.02
Adjusting events				
Goodwill				
Unrealised profit of internal transaction				
Others				
Carrying value of equity investment in associates				
Fair value of equity investment in associates based on publicly quoted price				
Operating income		105,526,441.07		
Net profit	-133,054.00	455,664.69		463,567.19
Net profit attributable to discontinued operations				
Other comprehensive income				
Total comprehensive income	-133,054.00	455,664.69		463,567.19
Dividends from associates during the year				

## XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

### (1) Accounts receivable and payable to related parties

#### 1. Accounts receivables from related parties

Item	Name of related party	End of the year		Beginning of the year	
		Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Bills receivable	Fasten Optical Fibre Technology Company Limited (法爾勝光電科技有限公司)			1,000,000.00	
Subtotal				1,000,000.00	
Account receivable	Nanjing PUTIAN Intelligent Building Limited	28,192.96	22,554.37	28,192.96	8,457.89
Account receivable	China Potevio Company Limited	31,159,635.58		24,760,461.68	
Account receivable	China PUTIAN Communications Zhuzhou Company Limited	160,000.00	160,000.00	160,000.00	160,000.00
Account receivable	Chengdu branch of China Potevio Company Limited	227,952.99	182,362.39	227,952.99	68,385.90
Account receivable	Nanjing PUTIAN Telecommunications Company Limited			1,782,474.00	
Account receivable	Fasten Optical Fibre Technology Company Limited (法爾勝光電科技有限公司)	13,429,952.20		4,997,196.00	
Account receivable	Jiangyin Fasten Pell New Materials Technology Co., Ltd.	245,012.60	73,503.78	245,012.60	24,501.26

## VII. OTHER SIGNIFICANT MATTERS

### (1) SEGMENT REPORTING

#### 1. Identification basis and accounting policies for reportable segments

Operating segments 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 segment reporting*

<b>Item</b>	<b>Copper cable and related products</b>	<b>Optical cable and related products</b>	<b>Cable joint and related products</b>	<b>Elimination among segment</b>	<b>Total</b>
Income of major businesses	234,964,835.54	654,546,858.09	36,498,021.89	-1,874,705.11	924,135,010.41
Cost of major businesses	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

**(2) Other financial information**

	<b>Closing balance</b>		<b>Opening balance</b>	
	<b>Consolidated</b>	<b>Parent company</b>	<b>Consolidated</b>	<b>Parent company</b>
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

## VIII. OTHER SUPPLEMENTARY INFORMATION

### (1) Non-recurring profit or loss items

#### 1. Details of non-recurring profit or loss items

Item	Amount	Remarks
Profit or loss on disposal of non-current assets, including reversal of provision for impairment on assets	180,073.02	
Tax rebate or reduction approved by incompetent authorities, without official approval documents or on an occasional basis		
Government grants recognised in current year's profit or loss (excluding those on-going grants closely related to the entity's normal operations and entitled according to the state policies and the state unified standard amount or quantity)	8,596,940.40	
Capital occupation fee received from non-financial institutions and recognised in profit or loss for the year	5,070,000.00	
Income representing the excess of the entity's investment cost in acquiring subsidiaries, associates and jointly controlled entities over the entity's share in the net identifiable assets of the investees		
Profit or loss from exchange of non-monetary assets	676,336.25	
Profit or loss from entrusted investments or assets management		
Provision for impairment on assets due to force-majeure factors such as natural disaster		
Profit or loss from debt restructuring		
Entity restructuring costs such as staff costs, restructuring expenses, etc		
Profit or loss arising from the excess of transacted amounts of non-arm's length transaction over the fair value of arm's length transaction		
Net profit or loss from subsidiaries acquired from business combinations involving entities under common control		
Profit or loss arising from contingencies not related to the principal operations of the entity		
Fair value change from financial assets at fair value through profit or loss and financial liabilities and investment income from disposal of financial assets at fair value through profit or loss and financial liabilities and available-for-sale financial assets, except for effective hedging business related to the entity's normal operations	11,976,669.96	
Reversal of impairment provision on receivables of which the impairment assessment was done on an individual basis		
Profit or loss from entrusted loans	5,949,166.67	
Profit or loss arising from changes in fair value of investment properties using fair value model for subsequent measurement		
One-time adjustment to current year's profit or loss according to tax and accounting laws and regulations		
Entrusted fee income obtained from entrusted operations		
Other non-operating income and expenses other than the above items	544,647.58	
Other profit or loss items that fall into the definition of non-recurring profit or loss		
Subtotal	32,993,833.88	
Less: Effect of enterprise income tax (decrease is denoted by "-")	634,911.73	
Effect of minority interests (after tax)	9,393,460.24	
Net non-recurring profit or loss items attributable to the owner of the parent company	22,965,461.91	

(2) Return on net assets and earnings per share

1. Details

Profit for the year	Return on weighted average net assets (%)	Earnings per share (RMB/share)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the ordinary shareholders of the Company	-2.99	-0.07	-0.07
Net profit after deduction of non-recurring profit or loss items attributable to the ordinary shareholders of the Company	-5.31	-0.13	-0.13

2. Calculation of return on weighted average net assets

Item	Code	Current year
Net profit attributable to ordinary shareholders of the Company	A	-29,504,428.64
Non-recurring profit or loss	B	22,965,461.91
Net profit after deduction of non-recurring profit or loss items attributable to ordinary shareholders of the Company	C=A-B	-52,469,890.55
Net assets attributable to ordinary shareholders of the Company as at the beginning of the year	D	1,002,419,794.26
Increase in net assets attributable to ordinary shareholders of the Company due to issuance of new shares or debt for equity swap	E	
Number of months from the month following the increase in net assets to the end of the year	F	
Decrease in net assets attributable to ordinary shareholders of the Company due to repurchase or distribution of cash dividends	G	
Number of months from the month following the decrease in net assets to the end of the year	H	
Increase in net assets due to acquisition of interests of minority shareholders	I	175,421.09
Others		
Number of months from the month following the increase in net assets to the end of the year	J	1.00
Number of months during the year	K	12.00
	$L = D + A/2 + E \times F/K - G \times H/K$	
Weighted average net assets	$\pm I \times J/K$	987,682,198.36
Return rate of weighted average net assets	$M = A/L$	-2.99%
Return rate of weighted average net assets after deduction of non-recurring profit or loss	$N = C/L$	-5.31%

### 3. Calculation of basic earnings per share and diluted earnings per share

#### (1) Calculation of basic earnings per share

Item	Code	Current year
Net profit attributable to ordinary shareholders of the Company	A	-29,504,428.64
Non-recurring profit or loss	B	22,965,461.91
Net profit after deduction of non-recurring profit or loss items attributable to ordinary shareholders of the Company	C=A-B	-52,469,890.55
Total number of shares at the beginning of the year	D	400,000,000.00
Additional number of shares from capitalisation of surplus fund or share dividends	E	
Additional number of shares from issue of new shares or debt for equity swap	F	
Number of months from the month following the increase in number of shares to the end of the year	G	
Decrease in number of shares from repurchase of shares	H	
Number of months from the month following the reduction in number of shares to the end of the year	I	
Share consolidation during the year	J	
Number of months during the year	K	12.00
Weighted average number of outstanding ordinary shares	$L=D+E+F \times G/K - H \times I/K - J$	400,000,000.00
Basic earnings per share	$M=A/L$	-0.07
Basic earnings per share after deduction of non-recurring profit or loss	$N=C/L$	-0.13

#### (2) Calculation of diluted earnings per share

Calculation of diluted earnings per share is the same as that of basic earnings per share.

## 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.

### 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 and facilitate litigation and prosecution procedures.

### 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.

## **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”).

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.

## **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.

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 RMB106,714.10 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 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.

## **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.

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



## **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).

## **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 credit performance of other parties, measured by the extent of delinquency or default and their financial viability.

The Group performs ongoing credit evaluations of each of its customers and adjusts credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of its current credit information.

The Group continuously monitors collections and payments from its customers and maintains a provision for estimated impairment for credit loss based upon its historical experience and any specific customer collection issues that it has identified. Impairment for trade receivables has historically been within the 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.

## **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. On 21 July 2005, the People's Bank of China increased the exchange rate of RMB against U.S. dollar by 2.1%, and the exchange rate of RMB against a basket of currencies may fluctuate. In view of the above circumstances, the PRC government might take further actions and measures on the free trade of RMB. Therefore, fluctuations in exchange rates may have an adverse effect on the Group's net assets, earnings and any dividend declared, which shall be converted or translated into Hong Kong dollars.

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

## **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.

## **SHAREHOLDING AND CHANGE IN SHARE CAPITAL STRUCTURE**

### **1. Share capital structure**

During the year ended 31 December 2014, the Company had not made any arrangements for bonus issue, share placing and issuance of new shares. There was no change in the Company's share capital structure. The total number of shares issued by the Company is 400,000,000 shares, of which China Potevio Company Limited holds 240,000,000 issued state-owned legal person shares, representing 60% of the issued share capital of the Company and the overseas shareholders of H shares hold 160,000,000 shares, representing 40% of the issued share capital of the Company.

### **2. Shareholdings of the directors and supervisors**

As at 31 December 2014, none of the directors, supervisors and chief executives of the Company nor their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities & Futures Ordinance ("SFO") (Chapter 571 of the Laws of Hong Kong)) as recorded in the register required to be kept by the Company under Section 352 of the SFO or which were otherwise required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

### **3. 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.

### **4. 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.

### **5. 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 ended 31 December 2014 and as at the date of this announcement.

## **FINAL DIVIDEND**

The Board did not recommend the payment of final dividend for the year ended 31 December 2014 (2013: Nil).

## **CODE ON CORPORATE GOVERNANCE**

The Company will continue putting effort in maintaining high standards of corporate governance so as to ensure better transparency and protection of interests of the shareholders and the Company as a whole. Throughout the Year, the Company had complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 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. Xiao Xiaozhou and Mr. Li Yuanpeng, 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 the Year.

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

## **ANNUAL REPORT AND ANNUAL GENERAL MEETING**

The annual general meeting (“AGM”) for the Year will be held on Friday, 5 June 2015 at No. 18, Xinhang Road, the West Park of Hi-tech Development Zone, Chengdu, Sichuan Province, the PRC. Notice of the AGM will be announced separately. The Group’s annual report for the financial year ended 31 December 2014 and the notice of the AGM will be dispatched to its shareholders as soon as possible and will also be published on the Stock Exchange’s website (<http://www.hkexnews.hk>) and the Company’s website (<http://www.cdc.com.cn>).

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 6 May 2015 to 5 June 2015 (both dates inclusive), during which period no transfer of shares will be registered.

In order to be qualified for attending and voting at the 2014 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar, Hong Kong Registrars Limited at Rooms 1712-16, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for the holders of H shares; or the registered office of the Company at No. 18, Xinhang Road, the West Park of Hi-tech Development Zone, Chengdu, Sichuan Province, the PRC (postal code: 611731) for the holders of domestic shares for registration by 4:30 p.m. on 5 May 2015.

## ACKNOWLEDGEMENT

I would like to thank the Board, the Supervisory Committee, the management and all of our staff for their hard work and dedication, as well as our shareholders and customers for their continual support to the Group.

*Notes:*

1. This results announcement is prepared in both Chinese and English. Should there be any discrepancies between the two versions, the Chinese version shall prevail.
2. This results announcement will be published on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<http://www.cdc.com.cn>) in due course.

By order of the Board  
**Chengdu PUTIAN Telecommunications Cable Company Limited\***  
**Zhang Xiaocheng**  
*Chairman*

Chengdu, the PRC, 20 March 2015

As at the date of this announcement, the Board of the Company comprises:

Executive Directors:	Mr. Zhang Xiaocheng ( <i>Chairman</i> )
	Mr. Wang Micheng
	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