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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)

## **2015 ANNUAL RESULTS ANNOUNCEMENT**

### **RESULTS**

The board of directors (the “Board”) of Chengdu PUTIAN Telecommunications Cable Company Limited (the “Company” or “Chengdu PUTIAN”) hereby announces the audited consolidated financial information of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2015 (the “Year”) together with comparative figures for the corresponding period of 2014 as follows:

\* For identification purposes only

## CONSOLIDATED BALANCE SHEET

Prepared by: CHENGDU PUTIAN  
TELECOMMUNICATIONS CABLE  
COMPANY LIMITED

31 December 2015  
*Monetary unit:*  
*RMB Yuan*

<b>Assets</b>	<i>Note</i> <i>No.</i>	<b>Closing balance</b>	Opening balance
<b>Current assets:</b>			
Cash and bank balances		<b>336,464,641.98</b>	275,779,836.62
Settlement funds			
Loans to other banks			
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable	<i>IV, I, 1</i>	<b>101,785,217.79</b>	111,630,904.90
Accounts receivable	<i>IV, I, 2</i>	<b>410,168,670.66</b>	373,667,184.47
Advances paid		<b>15,605,190.57</b>	8,549,776.94
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Interest receivable			27,500.02
Dividend receivable			
Other receivables		<b>93,714,927.86</b>	76,598,766.96
Reverse-REPO financial assets			
Inventories		<b>196,826,743.18</b>	279,396,403.66
Assets classified as held-for-sale			
Non-current assets due within one year			
Other current assets		<b>16,393,322.70</b>	84,224,251.43
<b>Total current assets</b>		<b><u>1,170,958,714.74</u></b>	<u>1,209,874,625.00</u>

**CONSOLIDATED BALANCE SHEET (CONTINUED)**

Prepared by: CHENGDU PUTIAN  
TELECOMMUNICATIONS CABLE  
COMPANY LIMITED

31 December 2015  
*Monetary unit:  
RMB Yuan*

<b>Assets</b>	<i>Note No.</i>	<b>Closing balance</b>	Opening balance
<b>Non-current assets:</b>			
Loans and advances paid			
Available-for-sale financial assets		<b>8,764,734.00</b>	4,377,324.00
Held-to-maturity investments			
Long-term receivable			
Long-term equity investments		<b>5,653,653.92</b>	5,120,751.36
Investment property		<b>19,815,080.14</b>	20,239,848.89
Fixed assets		<b>510,766,274.09</b>	540,555,958.91
Construction in progress		<b>8,824,072.57</b>	32,090,307.12
Construction materials			
Fixed assets disposal			
Biological assets			
Oil & gas assets			
Intangible assets		<b>113,421,706.44</b>	116,376,585.40
Development expenditures			
Goodwill		<b>21,985,780.47</b>	21,985,780.47
Long-term prepayments		<b>16,695,564.61</b>	15,681,483.88
Deferred tax assets		<b>16,819,344.28</b>	21,146,398.40
Other non-current assets			
<b>Total non-current assets</b>		<b><u>722,746,210.52</u></b>	<u>777,574,438.43</u>
<b>Total assets</b>		<b><u>1,893,704,925.26</u></b>	<u>1,987,449,063.43</u>

## CONSOLIDATED BALANCE SHEET (CONTINUED)

Prepared by: CHENGDU PUTIAN  
TELECOMMUNICATIONS CABLE  
COMPANY LIMITED

31 December 2015  
Monetary unit:  
RMB Yuan

Liabilities and Shareholder's Equity	Note No.	Closing balance	Opening balance
<b>Current liabilities:</b>			
Short-term borrowings		<b>200,000,000.00</b>	200,000,000.00
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		<b>39,603,546.89</b>	10,000,000.00
Accounts payable	IV, I, 3	<b>207,755,202.78</b>	264,997,179.71
Advances received		<b>17,387,434.92</b>	4,112,041.62
Proceeds from sale of repurchase financial assets			
Handling fee and commission payable			
Employee benefits payable		<b>30,131,394.99</b>	25,686,502.45
Taxes and rates payable		<b>7,581,760.64</b>	5,541,404.04
Interest payable			
Dividend payable			
Other payables		<b>21,154,408.59</b>	63,524,519.49
Reinsurance accounts payable			
Provision for insurance contracts			
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			
<b>Total current liabilities</b>		<b>523,613,748.81</b>	573,861,647.31

## CONSOLIDATED BALANCE SHEET (CONTINUED)

Prepared by: CHENGDU PUTIAN  
TELECOMMUNICATIONS CABLE  
COMPANY LIMITED

31 December 2015  
Monetary unit:  
RMB Yuan

Liabilities and Shareholder's Equity	Note No.	Closing balance	Opening balance
<b>Non-current liabilities:</b>			
Long-term borrowings		7,518,503.53	8,050,174.78
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Long-term payables			
Long-term staff remuneration payables			
Special payables			
Provisions			
Deferred income		70,435,682.28	73,925,562.68
Deferred tax liabilities		10,537,626.62	10,694,610.24
Other non-current liabilities			
<b>Total non-current liabilities</b>		<b>88,491,812.43</b>	<b>92,670,347.70</b>
<b>Total liabilities</b>		<b>612,105,561.24</b>	<b>666,531,995.01</b>
<b>Shareholders' equity:</b>			
Share capital		400,000,000.00	400,000,000.00
Other equity			
Including: Preference shares			
Perpetual bonds			
Capital reserve		651,400,779.83	651,355,565.01
Less: treasury shares			
Other comprehensive income	IV, I, 4	6,845,510.44	3,116,211.94
Special reserve			
Surplus reserve		8,726,923.61	8,726,923.61
General risk reserve			
Undistributed profit		-136,070,969.11	-95,442,673.91
<b>Total Shareholders' equity attributable to the parent company</b>		<b>930,902,244.77</b>	<b>967,756,026.65</b>
<b>Non-controlling interest</b>		<b>350,697,119.25</b>	<b>353,161,041.77</b>
<b>Total equity</b>		<b>1,281,599,364.02</b>	<b>1,320,917,068.42</b>
<b>Total liabilities and Shareholders' equity</b>		<b>1,893,704,925.26</b>	<b>1,987,449,063.43</b>

## CONSOLIDATED INCOME STATEMENT

Prepared by: CHENGDU PUTIAN  
TELECOMMUNICATIONS CABLE  
COMPANY LIMITED

For the year 2015  
Monetary unit:  
RMB Yuan

Items	Note No.	Current period cumulative	Preceding period comparative
<b>I. Total operating revenue</b>		<b>1,209,522,056.73</b>	945,460,888.72
Including: Operating revenue	IV, II, 1	<b>1,209,522,056.73</b>	945,460,888.72
Interest proceeds			
Premium earned			
Revenue from handling charges and commission			
<b>II. Total operating cost</b>		<b>1,256,773,296.89</b>	1,010,742,273.87
Including: Operating cost	IV, II, 1	<b>1,064,030,918.76</b>	858,330,580.95
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 and surcharge for operations	IV, II, 2	<b>6,557,864.18</b>	6,378,989.14
Selling expenses	IV, II, 3	<b>50,024,954.62</b>	38,823,775.01
Administrative expenses	IV, II, 4	<b>112,359,896.05</b>	101,485,731.50
Financial expenses	IV, II, 5	<b>5,958,888.62</b>	2,832,693.39
Assets impairment loss		<b>17,840,774.66</b>	2,890,503.88
Add: Gains on changes of fair value (loss, expressed in negative figure)			
Investment income (loss, expressed in negative figure)		<b>597,687.72</b>	18,292,039.01
Including: Investment income from associates and joint ventures		<b>487,687.74</b>	366,202.38
Gains on foreign exchange (loss, expressed in negative figure)			
<b>III. Operating profit (loss, expressed in negative figure)</b>		<b>-46,653,552.44</b>	-46,989,346.14
Add: Non-operating revenue		<b>9,162,525.36</b>	10,062,770.55
Including: Gains on disposal of non-current assets		<b>79,805.91</b>	197,139.49
Less: Non-operating expenditures		<b>109,769.43</b>	254,268.90
Including: Losses on disposal of fixed assets		<b>1,210.77</b>	206,562.07
<b>IV. Total profit (total loss, expressed in negative figure)</b>		<b>-37,600,796.51</b>	-37,180,844.49
Less: income tax expense	IV, II, 6	<b>5,491,421.21</b>	3,803,137.82

## CONSOLIDATED INCOME STATEMENT (CONTINUED)

Prepared by: CHENGDU PUTIAN  
TELECOMMUNICATIONS CABLE  
COMPANY LIMITED

For the year 2015  
Monetary unit:  
RMB Yuan

Items	Note No.	Current period cumulative	Preceding period comparative
<b>V. Net profit (loss, expressed in negative figure)</b>		<b>-43,092,217.72</b>	-40,983,982.31
Net profit attributable to owners of parent company		<b>-40,628,295.20</b>	-29,504,428.64
Non-controlling interest income		<b>-2,463,922.52</b>	-11,479,553.67
<b>VI. Other comprehensive income after tax</b>		<b>3,729,298.50</b>	-5,334,760.06
Net other comprehensive income attributable to owners of the parent company		<b>3,729,298.50</b>	-5,334,760.06
(I) Not reclassified subsequently to profit or loss			
1. Changes in remeasurement on the net defined benefit liability/asset			
2. Items attributable to investees under equity method that will not reclassified to profit or loss			
(II) To be reclassified subsequently to profit or loss		<b>3,729,298.50</b>	-5,334,760.06
1. Items attributable to investees under equity method that may be reclassified to profit or loss			
2. Profit or loss from changes in fair value of available-for-sale financial assets		<b>3,729,298.50</b>	-5,334,760.06
3. Profit or loss from reclassification of held-to-maturity investments as available-for-sale financial assets			
4. Profit or loss on cash flow hedging			
5. Translation difference of financial statements in foreign currencies			
6. Others			
Net other comprehensive income after tax attributable to non-controlling interest			
<b>VII. Total comprehensive income</b>		<b>-39,362,919.22</b>	-46,318,742.37
Items attributable to owners of parent company		<b>-36,898,996.70</b>	-34,839,188.70
Items attributable to non-controlling interest		<b>-2,463,922.52</b>	-11,479,553.67
<b>VIII. Earnings per share ("EPS"):</b>			
(I) Basic EPS (RMB/share)		<b>-0.10</b>	-0.07
(II) Diluted EPS (RMB/share)		<b>-0.10</b>	-0.07

## CONSOLIDATED CASH FLOW STATEMENT

Prepared by: CHENGDU PUTIAN  
TELECOMMUNICATIONS CABLE  
COMPANY LIMITED

For the year 2015  
*Monetary unit:  
RMB Yuan*

Items	Note No.	Current period cumulative	Preceding period comparative
<b>I. Cash flows from operating activities:</b>			
Cash receipts from sale of goods or rendering of services		998,508,952.95	767,181,427.93
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			
Other cash receipts related to operating activities		52,326,975.80	37,541,156.39
<b>Subtotal of cash inflows from operating activities</b>		<b>1,050,835,928.75</b>	<b>804,722,584.32</b>
Cash payments for goods purchased and services received		667,095,037.64	571,240,123.79
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		124,951,427.79	115,355,042.38
Cash payments of taxes and rates		46,028,332.18	42,399,090.36
Other cash payments related to operating activities		167,639,068.02	142,303,782.34
<b>Subtotal cash outflows from operating activities</b>		<b>1,005,713,865.63</b>	<b>871,298,038.87</b>
<b>Net cash flows from operating activities</b>		<b>45,122,063.12</b>	<b>-66,575,454.55</b>



## CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

Prepared by: CHENGDU PUTIAN  
TELECOMMUNICATIONS CABLE  
COMPANY LIMITED

For the year 2015  
*Monetary unit:*  
*RMB Yuan*

Items	Note No.	Current period cumulative	Preceding period comparative
<b>II. Cash flows from investing activities:</b>			
Cash received from return of investments			13,292,374.93
Cash received from return on investments		<b>137,500.00</b>	5,921,666.65
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		<b>143,429.13</b>	1,048,832.75
Net cash received from the disposal of subsidiaries & other business units			
Other cash receipts related to investing activities		<b>50,000,000.00</b>	50,000,000.00
<b>Subtotal of cash inflows from investing activities</b>		<b>50,280,929.13</b>	70,262,874.33
Cash paid for acquiring fixed assets, intangible assets and other long-term assets		<b>9,756,010.80</b>	37,835,550.09
Cash paid for acquiring investments			27,214,500.00
Net increase of pledged loans			
Net cash paid for acquiring subsidiaries and other business units			
Other cash payments related to investing activities			50,000,000.00
<b>Subtotal of cash outflows from investing activities</b>		<b>9,756,010.80</b>	115,050,050.09
<b>Net cash flows from investing activities</b>		<b>40,524,918.33</b>	-44,787,175.76

## CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

Prepared by: CHENGDU PUTIAN  
TELECOMMUNICATIONS CABLE  
COMPANY LIMITED

For the year 2015  
Monetary unit:  
RMB Yuan

Items	Note No.	Current period cumulative	Preceding period comparative
<b>III. Cash flows from financing activities:</b>			
Cash received from investment by others Including: cash received by subsidiaries from non-controlling owners			
Cash received from borrowings		<b>200,000,000.00</b>	200,000,000.00
Cash received from issuing of bonds			
Other cash receipts related to financing activities			10,000,000.00
<b>Subtotal of cash inflows from financing activities</b>		<b>200,000,000.00</b>	210,000,000.00
Cash repayments of borrowings		<b>200,143,142.01</b>	225,000,000.00
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		<b>12,289,324.46</b>	13,238,156.25
Other cash payments related to financing activities		<b>10,837,730.00</b>	545,195.00
<b>Subtotal of cash outflows from financing activities</b>		<b>223,270,196.47</b>	238,783,351.25
<b>Net cash flows from financing activities</b>		<b>-23,270,196.47</b>	-28,783,351.25
<b>IV. Effect of foreign exchange rate changes on cash &amp; cash equivalents</b>		<b>-18,814.09</b>	-846,084.93
<b>V. Net increase in cash and cash equivalents</b>		<b>62,357,970.89</b>	-140,992,066.49
Add: Opening balance of cash and cash equivalents		<b>238,801,619.70</b>	379,793,686.19
<b>VI. Closing balance of cash and cash equivalents</b>		<b>301,159,590.59</b>	238,801,619.70

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Prepared by: CHENGDU PUTIAN  
TELECOMMUNICATIONS CABLE  
COMPANY LIMITED

For the year 2015  
Monetary unit:  
RMB Yuan

Items	Current period cumulative													Total Shareholders' equity
	Shareholders' Equity attributable to parent company's shareholders Minority													
	Paid-in capital (share capital)	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Non-controlling interests		
Preference shares		Perpetual bonds	Others											
I. Balance at the end of prior year	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	
Add: cumulative changes of accounting policies														
Error correction of prior period														
Business combination under common control														
Others														
II. Balance at the beginning of current year	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	
III. Current period increase (decrease, expressed in negative figures)					45,214.82		3,729,298.50				-40,628,295.20	-2,463,922.52	-39,317,704.40	
(I) Total comprehensive income							3,729,298.50				-40,628,295.20	-2,463,922.52	-39,362,919.22	
(II) Capital contributed or withdrew by owners					45,214.82								45,214.82	
1. Capital contributed by owners														
2. Capital contributed by holders of other equity instruments														
3. Amount of share-based payment included in equity														
4. Others					45,214.82								45,214.82	
(III) Profit distribution														
1. Appropriation of surplus reserve														
2. Appropriation of general risk reserve														
3. Appropriation of profit to owners (shareholders)														
4. Others														
(IV) Internal carry-over within equity														
1. Transfer of capital reserve to capital														
2. Transfer of surplus reserve to capital														
3. Surplus reserve to cover losses														
4. Others														
(V) Special reserve														
1. Appropriation of current period														
2. Application of current period														
(VI) Others														
IV. Balance at the end of current period	400,000,000.00				651,400,779.83		6,845,510.44		8,726,923.61		-136,070,969.11	350,697,119.25	1,281,599,364.02	

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

Prepared by: CHENGDU PUTIAN  
TELECOMMUNICATIONS CABLE  
COMPANY LIMITED

Monetary unit:  
RMB Yuan  
For the year 2015

Items		Preceding period comparative												Total Shareholders' equity
		Shareholders' Equity attributable to parent company's shareholders Minority												
		Paid-in capital (share capital)	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others	
Preference shares	Perpetual bonds		Others											
I.	Balance at the end of prior 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: cumulative changes of accounting policies													
	Error correction of prior period													
	Business combination under common control													
	Others													
II.	Balance at the beginning of current 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
III.	Current period increase (decrease, expressed in negative figures)				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) Capital contributed or withdrew by owners				175,421.09								-27,389,921.09	-27,214,500.00
	1. Capital contributed by owners													
	2. Capital contributed by holders of other equity instruments													
	3. Amount of share-based payment included in equity													
	4. Others				175,421.09								-27,389,921.09	-27,214,500.00
	(III) Profit distribution													
	1. Appropriation of surplus reserve													
	2. Appropriation of general risk reserve													
	3. Appropriation of profit to owners (shareholders)													
	4. Others													
	(IV) Internal carry-over within equity													
	1. Transfer of capital reserve to capital													
	2. Transfer of surplus reserve to capital													
	3. Surplus reserve to cover losses													
	4. Others													
	(V) Special reserve													
	1. Appropriation of current period													
	2. Application of current period													
	(VI) Others													
IV.	Balance at the end of current 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

## 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 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 are 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. Business scope: 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 4th meeting of the 8th session of the Board of Directors on 25 March 2016.

### II. PREPARATION BASIS OF THE FINANCIAL STATEMENTS

#### (I) Preparation basis

The financial statements have been prepared on the basis of going concern. Based on the actual transactions and items occurred, in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of China (the Ministry of Finance Degree No. 33, the amended Degree No. 76), Specific accounting standards of 41 items which are issued and amended after 15 February 2006, Guidelines for application of enterprise accounting standards, Interpretation of enterprise accounting standards and other relevant regulations (the “Accounting Standards”).

In accordance with the China Accounting Standards, the Company’s accounting is on an accrual basis. This financial report is based on historical cost, except some financial instruments. If there is an indication of impairment, the Company would make provision for impairment loss of the asset, according to the relevant regulations.

#### (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. TAXES

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

Taxes	Tax bases	Tax rates
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%
Housing property 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 <sup>2</sup>

Different enterprise income tax rates applicable to different taxpayers:

Taxpayers	Income tax rate
The Company	15%
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%
Taxpayers other than the above-mentioned	25%

#### (II) Tax preferential

Pursuant to the document of High-tech Enterprises Recognition Committee of Sichuan Province numbered Chuan Gao Qi Ren [2015] 7, the Company was recognised as high-tech enterprises and enjoyed the high-tech enterprises preferential tax rate of 15% for a period of three years from 2015 to 2017.

Pursuant to the document of High-tech Enterprises Recognition Committee of Sichuan Province numbered Chuan Gao Qi Ren [2014] 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.

Pursuant to the document of High-tech Enterprises Recognition and Management Coordination Group of Jiangsu Province numbered Su Gao Qi Xie [2015] 14, the Company's subsidiary Jiangsu Fasten Photonics Co., Ltd. was recognised as second batch high-tech enterprises in the year 2015 and enjoyed the high-tech enterprises preferential tax rate of 15% for a period of three years from 2015 to 2017.

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

##### I Notes to items of the consolidated balance sheet

###### 1. Notes receivable

###### (1) Details

Items	Book balance	Closing balance Provision for bad debts	Carrying amount
Bank acceptance	101,592,650.87		101,592,650.87
Trade acceptance	192,566.92		192,566.92
Total	<u>101,785,217.79</u>		<u>101,785,217.79</u>

Items	Book balance	Opening balance Provision for bad debts	Carrying amount
Bank acceptance	99,977,405.05		99,977,405.05
Trade acceptance	11,653,499.85		11,653,499.85
Total	<u>111,630,904.90</u>		<u>111,630,904.90</u>

###### (2) Endorsed or discounted but undue notes at the balance sheet date

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance	<u>278,574,533.73</u>	
Subtotal	<u>278,574,533.73</u>	

Due to the fact that the acceptor of bank acceptance is commercial bank, which is of high credit level, there is very little possibility of failure in recoverability when it is due. Based on this fact, the Company derecognized the endorsed or discounted bank acceptance. However, if any bank acceptance is not recoverable when it is due, the Company still holds joint liability on such acceptance, according to the China Commercial Instrument Law.

###### (3) Notes receivable transferred to accounts receivable due to failure in repayment by issuers

Items	Closing balance transferred to accounts receivable
Trade acceptance	<u>8,060,450.40</u>
Subtotal	<u>8,060,450.40</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					
Receivables with provision made on a collective basis using portfolios with similar credit risk features	441,179,534.91	95.13	33,386,026.50	7.57	407,793,508.41
Receivable of individually insignificant amount but with provision made on an individual basis	22,561,331.06	4.87	20,186,168.81	89.47	2,375,162.25
<b>Total</b>	<b>463,740,865.97</b>	<b>100.00</b>	<b>53,572,195.31</b>	<b>11.55</b>	<b>410,168,670.66</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	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	
<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>

#### 2) 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	369,370,420.28		
1-2 years	34,891,325.17	3,489,132.52	10.00
2-3 years	8,869,088.80	2,660,726.64	30.00
3-5 years	4,062,666.56	3,250,133.24	80.00
Over 5 years	23,986,034.10	23,986,034.10	100.00
<b>Subtotal</b>	<b>441,179,534.91</b>	<b>33,386,026.50</b>	<b>7.57</b>



<b>Ages</b>	<b>Book balance</b>	<b>Opening 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	<u>21,848,907.53</u>	<u>21,848,907.53</u>	<u>100.00</u>
Subtotal	<u><u>398,652,382.23</u></u>	<u><u>29,499,720.01</u></u>	<u><u>7.40</u></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	<b>369,370,420.28</b>		
1-2 years	<b>34,891,325.17</b>	<b>3,489,132.52</b>	<b>10.00</b>
2-3 years	<b>8,869,088.80</b>	<b>2,660,726.64</b>	<b>30.00</b>
3-5 years	<b>7,942,669.56</b>	<b>4,754,973.99</b>	<b>59.87</b>
Over 5 years	<u><b>42,667,362.16</b></u>	<u><b>42,667,362.16</b></u>	<u><b>100.00</b></u>
Subtotal	<u><u><b>463,740,865.97</b></u></u>	<u><u><b>53,572,195.31</b></u></u>	<u><u><b>11.55</b></u></u>

<b>Ages</b>	<b>Book balance</b>	<b>Opening 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	<u>39,914,160.39</u>	<u>39,914,160.39</u>	<u>100.00</u>
Subtotal	<u><u>424,331,932.06</u></u>	<u><u>50,664,747.59</u></u>	<u><u>11.94</u></u>

The analysis of aging of accounts receivable is based on the time of delivering goods or providing services.

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 for bad debts made, collected or reversed in current period*

Provision for bad debts made in current period totaled RMB2,907,447.72.

(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	74,178,044.13	16.00	
Shandong Radio and Television Network Company Limited	25,728,710.10	5.55	
Shenzhen ZTE Kangxun Telecom Company Limited	21,720,606.70	4.68	
Fujian Radio and Television Network Company Limited	21,290,422.61	4.59	
Guangxi Radio and Television Network Company Limited	18,337,383.43	3.95	
Subtotal	<u>161,255,166.97</u>	<u>34.77</u>	

3. Accounts payable

(1) Details

<b>Items</b>	<b>Closing balance</b>	<b>Opening balance</b>
Borrowings	<b>189,005,353.53</b>	253,203,068.60
Payment for project and equipment	<b>7,801,454.06</b>	10,477,609.56
Others	<b>10,948,395.19</b>	1,316,501.55
Total	<u><b>207,755,202.78</b></u>	<u>264,997,179.71</u>

(2) Age analysis

<b>Ages</b>	<b>Closing balance</b>	<b>Opening balance</b>
Within 1 year	<b>188,032,257.43</b>	252,211,370.56
1-2 years	<b>10,541,582.73</b>	7,941,322.22
2-3 years	<b>4,856,696.67</b>	772,611.37
Over 3 year	<b>4,324,665.95</b>	4,071,875.56
Total	<u><b>207,755,202.78</b></u>	<u>264,997,179.71</u>

The analysis of aging of accounts payable is based on the time of purchasing materials, goods or receiving services.

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

#### 4. *Other comprehensive income*

Items	Opening balance	Current period		Less: income tax
		Current period before income tax	Less: OCI carried forward transferred to profit or loss	
Items to be reclassified subsequently to profit or loss Including: Gains/losses on changes in fair value of available-for-sale financial assets	3,116,211.94	4,387,410.00		658,111.50
Total	<u>3,116,211.94</u>	<u>4,387,410.00</u>		<u>658,111.50</u>

Items	Current period cumulative		
	Attributable to parent company	Attributable to non-controlling interest	Closing balance
Items to be reclassified subsequently to profit or loss Including: Gains/losses on changes in fair value of available-for-sale financial assets	3,729,298.50		6,845,510.44
Total	<u>3,729,298.50</u>		<u>6,845,510.44</u>

## II Notes to items of the consolidated income statement

### 1. *Operating revenue/cost*

Items	Current period		Prior year	
	Income	Cost	Income	Cost
Revenue from main operations	1,156,775,229.92	1,035,691,452.67	924,135,010.41	844,656,453.95
Revenue from other operations	<u>52,746,826.81</u>	<u>28,339,466.09</u>	21,325,878.31	13,674,127.00
Total	<u>1,209,522,056.73</u>	<u>1,064,030,918.76</u>	<u>945,460,888.72</u>	<u>858,330,580.95</u>

### 2. *Taxes and surcharge for operations*

Items	Current period	Prior period
Business tax	1,049,875.20	1,688,226.41
Urban maintenance and construction tax	2,283,212.40	1,992,361.93
Education surcharge	1,172,060.17	1,037,258.90
Local education surcharges	485,965.45	144,726.78
Housing Property tax	1,399,596.19	1,453,271.34
Price regulation fund	<u>167,154.77</u>	63,143.78
Total	<u>6,557,864.18</u>	<u>6,378,989.14</u>

### 3. *Selling expenses*

<b>Items</b>	<b>Current period</b>	<b>Prior period</b>
Staff salaries	<b>8,979,585.94</b>	8,156,880.71
Transportation cost	<b>18,540,166.01</b>	11,376,550.72
Packing expenses	<b>2,472,304.12</b>	1,656,190.67
Business expenses	<b>10,123,334.14</b>	11,855,585.77
Advertising and promotion expenses	<b>899,136.66</b>	814,496.01
Office and travelling expenses	<b>4,024,984.17</b>	4,443,220.17
Sales service expenses	<b>1,308,895.28</b>	478,503.40
Others	<b>3,676,548.30</b>	42,347.56
Total	<b><u>50,024,954.62</u></b>	<b><u>38,823,775.01</u></b>

### 4. *Administrative expenses*

<b>Items</b>	<b>Current period</b>	<b>Prior period</b>
Staff salaries	<b>45,240,669.50</b>	36,503,278.36
Depreciation and amortisation	<b>11,846,611.27</b>	9,654,210.83
Business entertainment	<b>2,164,167.37</b>	1,721,973.70
Office and travelling expenses	<b>3,762,886.04</b>	4,985,077.58
Research and development costs	<b>20,389,934.63</b>	16,803,164.88
Taxes	<b>6,265,889.75</b>	6,132,315.65
Agency fee	<b>5,368,686.93</b>	3,654,685.37
Repairs and maintenance	<b>3,893,367.20</b>	2,671,268.52
Water and electricity	<b>997,573.31</b>	4,192,139.35
Loss from work suspension	<b>1,074,692.06</b>	6,169,435.47
Others	<b>11,355,417.99</b>	8,998,181.79
Total	<b><u>112,359,896.05</u></b>	<b><u>101,485,731.50</u></b>

(2) Administrative expenses for the current year included an audit fee of RMB1,080,000.00 (2014: RMB1,080,000.00).

### 5. *Financial expenses*

<b>Items</b>	<b>Current period</b>	<b>Prior period</b>
Interest expenditures	<b>12,791,657.80</b>	13,372,489.58
Including: Interest on bank borrowing, overdraft and other borrowings wholly repayable within five years	<b>12,791,657.80</b>	13,372,489.58
Less: Interest income	<b>9,791,300.94</b>	10,947,379.84
Exchange gain/loss	<b>2,364,042.76</b>	-194,037.04
Handling charges	<b>594,489.00</b>	601,620.69
Total	<b><u>5,958,888.62</u></b>	<b><u>2,832,693.39</u></b>

## 6. *Income tax expenses*

### (1) *Details*

<b>Items</b>	<b>Current period</b>	<b>Prior period</b>
Current period income tax expenses	<b>1,979,462.21</b>	1,287,787.38
Deferred income tax expenses	<b>3,511,959.00</b>	2,515,350.44
Total	<b>5,491,421.21</b>	3,803,137.82

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

<b>Items</b>	<b>Current period</b>	<b>Prior period</b>
Profit before tax	<b>-37,600,796.51</b>	-37,180,844.49
Income tax expenses based on applicable tax rate	<b>-5,640,119.48</b>	-5,577,126.67
Effect of different tax rate applicable to subsidiaries	<b>2,672,245.78</b>	-148,387.70
Effect of prior income tax reconciliation	<b>127,469.83</b>	455,168.49
Effect of non-taxable income		
Effect of non-deductible costs, expenses and losses	<b>1,263,720.89</b>	779,399.28
Effect of deductible research and development costs	<b>-1,257,567.75</b>	
Utilization of deductible losses not previously recognized	<b>222,106.76</b>	
Effect of deductible temporary differences or deductible losses not recognized	<b>8,103,565.18</b>	8,294,084.42
Income tax expenses	<b>5,491,421.21</b>	3,803,137.82

## III **Others**

### 1. *Foreign currency items*

#### (1) *Details*

<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</b>
Cash and bank balances			
Including: USD	2,224,978.74	6.4936	14,448,121.95
EUR	12.04	7.0952	85.43
Accounts payable			
Including: USD	3,588,083.18	6.4936	23,299,576.93
Long-term loans			
Including: EUR	1,059,660.54	7.0952	7,518,503.53

## V. INTEREST IN OTHER ENTITIES

### (I) Interest in significant subsidiaries

#### 1. 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 City	Chengdu City	Manufacture	90.00	6.67	Business combination not under common control
Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant	Chengdu City	Chengdu City	Manufacture	66.67		Business combination not under common control
Chengdu SEI Optical Fiber Co., Ltd.	Chengdu City	Chengdu City	Manufacture	60.00		Business combination not under common control
Chongqing Putaifeng Aluminium Co., Ltd.	Chongqing City	Chongqing City	Manufacture	40.00		Investment

##### (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 of Putian Fasten Cable Telecommunication Co., Ltd., holds majority of voting right in the Board of Directors, and could control its financial and operation decision, and have a privileged variable return, the Company brought the financial statements of Putian Fasten Cable Telecommunication Co., Ltd. into the consolidation scope.

As the Company holds 40% equity of Chongqing Putaifeng Aluminium Co., Ltd., holds majority of voting right in the Board of Directors, and could control its financial and operation decision, and have a privileged variable return, the Company brought the financial statements of Chongqing Putaifeng Aluminium Co., Ltd., into the consolidation scope.

- 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 principal requires comprehensive consideration of the relationship among the decision-maker, invested party and other parties, including the following four major factors:

1. Scope of decision-making of the decision-maker in the invested party
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 invested party

## 2. Significant not wholly-owned subsidiaries

### (1) Details

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%	-64,283.14		1,960,334.12
Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant	33.33%	-5,469,528.67		13,787,271.41
Chengdu SEI Optical Fiber Co., Ltd.	40.00%	4,381,851.37		69,355,112.91
Putian Fasten Cable Telecommunication Co., Ltd.	55.00%	-1,311,962.08		265,594,400.81
Chongqing Putaifeng Aluminum Co., Ltd.	60.00%			

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

### (1) Assets and liabilities

(Expressed in RMB10,000.00)

Subsidiaries	Current assets	Non-current assets	Closing balance			Total liabilities
			Total assets	Current liabilities	Non-current liabilities	
Chengdu Zhongling Radio Communications Co., Ltd.	6,229.00	1,150.77	7,379.77	1,492.88		1,492.88
Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant	4,048.66	10,612.41	14,661.07	3,520.91	7,003.57	10,524.48
Chengdu SEI Optical Fiber Co., Ltd.	18,065.01	3,508.10	21,573.11	4,234.33		4,234.33
Putian Fasten Cable Telecommunication Co., Ltd.	55,574.23	32,176.86	87,751.09	38,528.24	932.96	39,461.20
Chongqing Putaifeng Aluminium Co., Ltd.	800.00		800.00			
Subsidiaries	Current assets	Non-current assets	Opening balance			Total liabilities
			Total assets	Current liabilities	Non-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	11,018.36
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

(2) Profit or loss and cash flows

(Expressed in RMB10,000.00)

Subsidiaries	Operating revenue	Current period		Cash flows from operating activities
		Net profit	Total comprehensive income	
Chengdu Zhongling Radio Communications Co., Ltd.	3,725.94	-193.04	-193.04	-1,049.50
Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant	2,543.36	-1,641.02	-1,641.02	-249.42
Chengdu SEI Optical Fiber Co., Ltd.	18,877.51	1,095.46	1,095.46	4,530.18
Chengdu Zhongling Radio Communications Co., Ltd.	70,487.29	-238.54	-238.54	1,090.24
Subsidiaries	Operating revenue	Prior period		Cash flows from operating activities
		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
Chengdu Zhongling Radio Communications Co., Ltd.	48,252.26	-1,655.44	-1,655.44	613.23

(II) Interest in joint venture or associates

1. Significant joint ventures or associates

(1) Basic information

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 City	Chengdu City	Manufacture	35.00		Equity method
Chengdu Bada Connector Co., Ltd.	Chengdu City	Chengdu City	Manufacture	49.00		Equity method



## 2. Main financial information of significant associates

Items	Closing balance/Current period		Opening balance/preceding period comparative	
	Chengdu Yuexin Telecommunications Materials Co., Ltd.	Chengdu Bada Connector Co., Ltd.	Chengdu Yuexin Telecommunications Materials Co., Ltd.	Chengdu Bada Connector Co., Ltd.
Current assets	9,631,033.93	61,251,570.79	265.00	68,046,600.11
Non-current assets	3,218,838.85	2,903,816.33	2,815,626.64	3,587,424.71
Total assets	12,849,872.78	64,155,387.12	2,815,891.64	71,634,024.82
Current liabilities	9,449,877.61	55,177,525.54	113,120.82	63,373,329.26
Non-current liabilities				
Total liabilities	9,449,877.61	55,177,525.54	113,120.82	63,373,329.26
Non-controlling interest		92,759.43		82,400.20
Equity attributable to owners				
of parent company	3,399,995.17	8,885,102.15	2,702,770.82	8,178,295.36
Proportionate share in net assets	1,189,998.31	4,353,700.05	945,969.79	4,007,364.70
Adjustments				
Others	109,955.56		167,416.87	
Carrying amount of investments in associates	1,299,953.87	4,353,700.05	1,113,386.66	4,007,364.70
Fair value of equity investments in associates in association with quoted price				
Operating revenue	35,011,312.78	135,759,939.74		105,526,441.07
Net profit	403,863.97	706,806.83	-133,054.00	455,664.69
Net profit of discontinued operations				
Other comprehensive income				
Total comprehensive income	403,863.97	706,806.83	-133,054.00	455,664.69
Dividend from joint ventures received in current period				

## VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

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

#### 1. Accounts receivables from related parties

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Notes receivable	China Potevio Company Limited			2,372,004.92	
Subtotal				2,372,004.92	
Accounts receivables	Nanjing PUTIAN Intelligent Building Limited	93,192.96	22,554.37	28,192.96	22,554.37
Accounts receivables	China Potevio Company Limited	74,178,044.13		31,898,569.79	
Accounts receivables	China Putian Communications Zhuzhou Company Limited	160,000.00	160,000.00	160,000.00	160,000.00
Accounts receivables	Chengdu Branch of China Potevio Company Limited	304,891.23	182,362.39	227,952.99	182,362.39
Accounts receivables	Nanjing PUTIAN Telecommunications Company Limited	3,060,450.40			
Accounts receivables	Jiangsu Fasten Optical Fibre Technology Company Limited	10,940,050.20		13,429,952.20	
Accounts receivables	Fasten Group Import & Export Co., Ltd.	3,536,012.00			
Accounts receivables	Chengdu Bada Connector Co., Ltd.	406,815.40			
Accounts receivables	Chengdu Huangshishuangfeng Cable Co., Ltd.	3,416,171.88			
Accounts receivables	Chengdu PUTIAN Xunda Communication Technology Co., Ltd.	514,304.73			
Accounts receivables	Hangzhou Honyar Electrical Co., Ltd.	2,000,000.00			
Subtotal		98,609,932.93	364,916.76	45,744,667.94	364,916.76
Advances paid	Fasten Group Import & Export Co., Ltd.	7,740,000.00		159,753.18	
Advances paid	Sumitomo Electric Asia Ltd.	378,674.61		198,780.00	
Advances paid	China Potevio Company Limited	38,644.83			
Subtotal		8,157,319.44		358,533.18	
Other receivables	Jiangsu Fasten Hongsheng Group Co., Ltd.	70,000,000.00		55,000,000.00	
Other receivables	China Potevio Company Limited	5,080,307.18		16,199.00	
Other receivables	Chengdu Bada Connector Co., Ltd.	10,508,821.76		10,722,437.85	
Subtotal		85,589,128.94		65,738,636.85	

## 2. *Accounts payables from related parties*

Items	Related parties	Closing balance	Opening balance
Notes payable	Jiangyin Fasten Wire Products Company Limited	<b>3,603,546.89</b>	
Notes payable	Jiangsu Fasten Hongsheng Group Co., Ltd.	<b>21,725,121.59</b>	
Notes payable	Jiangsu Fasten Company Limited	<b>7,626,813.57</b>	
Subtotal		<b><u>32,955,482.05</u></b>	
Accounts payable	Chengdu Bada Connector Co., Ltd.	<b>13,755,468.71</b>	12,211,183.11
Accounts payable	Chengdu Yuexin Telecommunications Materials Co., Ltd.	<b>2,016,557.36</b>	
Accounts payable	Chengdu Huangshishuangfeng Cable Co., Ltd.	<b>11,340,748.14</b>	
Accounts payable	Jiangsu Fasten Company Limited	<b>1,596,591.88</b>	
Accounts payable	Jiangsu Fasten Hongsheng Group Co., Ltd.	<b>9,281,284.82</b>	37,429,962.53
Accounts payable	Jiangyin Fasten Wire Products Company Limited	<b>482,333.27</b>	4,210,807.56
Accounts payable	Fasten Group Import & Export Co., Ltd.	<b>10,160,514.69</b>	24,375.17
Accounts payable	China Potevio Company Limited		33,761.00
Accounts payable	Sumitomo Electric Asia Ltd.	<b>22,426,928.20</b>	73,618,430.13
Subtotal		<b><u>71,060,427.07</u></b>	<b><u>127,528,519.50</u></b>

## VII. OTHER SIGNIFICANT EVENTS

### (I) 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 cable and related products segment	Optical cable and related products segment	Cable joint and Related products	Inter-segment offsetting	Total
Revenue from main operations	269,388,512.80	890,074,013.36	20,730,479.40	23,417,775.64	1,156,775,229.92
Cost of main operations	271,765,308.56	773,614,865.82	19,486,383.78	29,175,105.49	1,035,691,452.67
Total assets	1,073,552,381.66	1,101,242,016.68	146,610,715.02	427,700,188.10	1,893,704,925.26
Total liabilities	99,339,354.19	436,955,323.85	105,244,764.18	29,433,880.98	612,105,561.24

(II) **Other financial information**

Items	Closing balance		Opening balance	
	Consolidated	Parent company	Consolidated	Parent company
Net current assets	<b>647,344,965.93</b>	<b>277,939,569.59</b>	636,012,977.69	299,676,441.41
Total assets less current liabilities	<b>1,370,091,176.45</b>	<b>924,470,669.79</b>	1,413,587,416.12	953,844,218.20

## VIII. OTHER SUPPLEMENTARY INFORMATION

### (I) Non-recurring profit or loss

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

##### (1) Details

Item	Amount	Remarks
Gains on disposal of non-current assets, including written-off of provision for impairment	78,595.14	
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)	7,436,149.40	
Fund possession charge from non-financial entities and included in profit or loss	4,891,363.62	
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		
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		
The reversed provision for impairment of receivables based on impairment testing on an individual basis		
Gains on designated loans	109,999.98	
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	1,538,011.39	
Other profit or loss satisfying the definition of non-recurring profit or loss		
Subtotal	14,054,119.53	
Less: enterprise income tax affected	61,876.13	
Non-controlling interest affected (after tax)	4,748,071.41	
Net non-recurring profit or loss attributable to shareholders of the parent company	9,244,172.00	

## (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	-4.28	-0.10	-0.10
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	-5.25	-0.12	-0.12

### 2. Calculation process of weighted average RONA

Items	Symbols	Current period	Prior period
Net profit attributable to shareholders of ordinary shares	A	<b>-40,628,295.20</b>	-29,504,428.64
Non-recurring profit or loss	B	<b>9,244,172.00</b>	22,965,461.91
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	<b>-49,872,467.20</b>	-52,469,890.55
Opening balance of net assets attributable to shareholders of ordinary shares	D	<b>967,756,026.65</b>	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		
Net assets increase due to changes in fair value of held-for-trading financial assets	I1	<b>3,729,298.50</b>	
Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	J1	<b>6.00</b>	
Net assets increase due to long-term equity investments under equity method	I2	<b>45,214.82</b>	
Others			
Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	J2	<b>0.00</b>	
Net assets increase due to acquisition of non-controlling interest	I3		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	J3		1.00
Number of months in the reporting period	K	<b>12.00</b>	12.00
Weighted average net assets	$L = \frac{D+A/2+E \times F}{K - G \times H / K \pm I \times J / K}$	<b>949,306,528.30</b>	987,682,198.36
Weighted average RONA	$M = A/L$	<b>-4.28%</b>	-2.99%
Weighted average RONA after deducting non-recurring profit or loss	$N = C/L$	<b>-5.25%</b>	-5.31%

### 3. Calculation process of basic EPS and diluted EPS

#### (1) Calculation process of basic EPS

Items	Symbols	Current period	Prior period
Net profit attributable to shareholders of ordinary shares	A	<b>-40,628,295.20</b>	-29,504,428.64
Non-recurring profit or loss	B	<b>9,244,172.00</b>	22,965,461.91
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	<b>-49,872,467.20</b>	-52,469,890.55
Opening balance of total shares	D	<b>400,000,000.00</b>	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	<b>12.00</b>	12.00
Weighted average of outstanding ordinary shares	$L=D+E+F \times G / K - H \times I / K - J$	<b>400,000,000.00</b>	400,000,000.00
Basic EPS	$M=A/L$	<b>-0.10</b>	-0.07
Basic EPS after deducting non-recurring profit or loss	$N=C/L$	<b>-0.12</b>	-0.13

#### (2) Calculation process of diluted EPS

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF PRINCIPAL BUSINESS

#### I Principal Business

During the Year, the Company worked towards the annual main work and budget targets of “Grasp hold of internal control give impetus to operations, seek innovation advanced to a higher level” centralizing on cost reduction and improving efficiency facilitating transformation and upgrading, reforming and innovation, thereby promoting work.

##### 1. *Strategic business restructuring*

- (1) Putian Fasten Cable Telecommunication Co., Ltd. (“Putian Fasten”): Revenue from major businesses increased significantly. A breakthrough in marketing was achieved under an overall promising environment. As the price of optical fiber increased while radio and television and overseas markets remained stable in 2015, OEM orders alleviated the strain on optical fiber supply. In November 2015, Putian Fasten won the bid for the optical fiber and cable collective procurement project of China Mobile. The project will be an opportunity for Putian Fasten to improve its brand reputation and comprehensive competitiveness while proving its overall competence in quality and cost management.
- (2) Chengdu SEI Optical Fiber Co., Ltd. (“Chengdu SEI”): In respect of market development, sales of a new product, G657 Optical fiber (PA and UA optical fiber), increased by 20% compared to last year, strengthening the market influence of Chengdu SEI. In respect of production technology, Chengdu SEI completed an A06# lathe improvement project to further enhance its production capacity and adaptability. In respect of the operator market, Chengdu SEI was successfully shortlisted for the centralised procurement bid launched by China Telecom and China Unicom.
- (3) Chengdu Zhongling Radio Communications Co., Ltd. (“CMRC”): In respect of market development, CMRC sustained and enlarged its OEM business, integrated its businesses and made sufficient preparation for the bidding of operators. In respect of production technology, CMRC enhanced the capability and production capacity of -12 super soft cable by improving equipment and manufacturing processes according to market development needs. In respect of internal control, CMRC enhanced management over its accounts receivable and inventory under its integrated measures for reducing “Two Funds”. As a result, CMRC was able to lower its management risks and enhance its asset quality and liquidity.



(4) Energy transmission cable business segment: The segment received accreditations from China Railway Product Certification Centre (CRCC) and International Railway Industry Standard (IRIS) in March 2015 and November 2015, respectively, representing the permission for its sales in large-scale railway market and its entry into the major markets of locomotives, EMUs and high-speed rails. In respect of market development, firstly, with its development focus on the urban rail segment, the Company successfully became the exclusive supplier of urban rail of Zhuzhou CSR Times Electric Co., Ltd. (株洲南車時代電氣股份有限公司) (“CSR Times Electric”); secondly, the Company strived to develop the national rail market. It provided supplies to the 120 mm<sup>2</sup> Cable Project of CSR Times Electric while making progress in its cooperation with several locomotive manufacturing enterprises; and thirdly, capitalizing on the platform resources available to state-owned enterprises, the Company extended its business coverage to the wind power sector by winning the bid launched by Dongfang Electric New Energy Equipment (Hangzhou) Co., Ltd. (東方電氣新能源設備(杭州)有限公司) and started product delivery, marking its debut in this sector. In respect of internal control, the Company formulated relevant business strategies. Manufacturing processes such as order management, product return and trail production as well as remuneration assessment policy for staff at each production stage were refined. These efforts provided a solid base for developing an effective remuneration assessment policy and a regulated production model of the business segment in the coming year. Moreover, it strengthened the manufacturing capacity for irradiation processing and copper processing in order to prepare for the expansion of its processing business in terms of scale and variety in the coming year.

2. *Accelerating business transformation to facilitate organizational reform*

The Company restructured the copper cable business by establishing the energy transmission cable business segment under which energy transmission cable has become its major operation with sufficient market scale and sustainable development. The establishment of a business development center revitalized idle resources for business development and transformed relevant cost departments to revenue departments. The Company also integrated and enhanced the roles and functions of sales personnel. By increasing logistic positions of sales center and recruiting more sales personnel, the Company was able to improve its sales services and increase its sales channels. The Company will also strive to resolve the core marketing issues of its development to increase revenue and reduce losses. Working on unresolved past issues, such as to clear up accounts receivables and to collect old debts; re-assessing appraisals for sales policies.

3. *Implementing risk control requirements for stronger overall risk management*

The Company further improved its risk management mechanism, risk control ability, further enhancing risk assessment and controls on accuracy and effectiveness. The Company also strengthened the procurement control of its key departments by implementing a public bidding and tender system. The Company also made amendments and revisions to its overall risk management rules and regulations with reference to applicable laws and requirements. Stringent efforts were also made to review contracts. Effective control of legal risks of business contracts was ensured through comprehensive contract review by legal personnel.

4. *Consolidating resources and seeking cooperation with external parties*

The Company fully capitalized on the capability of management to develop investment and financing projects. For better consolidation of resources in line with the development of the Company's major cable business segment, the Company established Chongqing Putaifeng Aluminium Company Limited to expand its business chain to upstream aluminium rods and aluminium alloy rods. The Company also enhanced its management over enterprises with deficit. In-depth analysis of reforms of CMRC and Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant ("Shuangliu Heat Shrinkable") were carried out and various specific measures were formulated accordingly. Due to the expiry of cooperation at the end of 2015, production of Shuangliu Heat Shrinkable ceased, internal reorganization had started and planning for restructuring with effect from 31 October 2015. 78 employees were laid off as at 31 December 2015. The Company strictly supervised the daily operations, meeting agendas and execution of the resolutions passed by the boards of its subsidiaries in accordance with the administrative measures issued by the three boards (shareholders at general meeting, the Board and the Supervisory Committee of the Company). As such, the Company fully capitalized on the capability of the boards of the subsidiaries in enhancing management control dynamism.

5. *Strengthening general management*

In respect of human resources management, the Company refined and amended responsibilities of all departments (including secondary departments), working procedures and job duties of middle management personnel. "Responsibilities of Business Segment and Other Departments of Chengdu PUTIAN" (《成都普天事業部及各部門職責》) was issued to define responsibilities of all departments. Ranking order, positions and duties of different departments were also defined as the basis of the appraisal of positions and the establishment of resignation mechanism.

In respect of financial management, the Company made full use of its financial activities to support its production and operations. Analysis of production and operating activities was carried out to keep track of production and operation conditions and duly rectify execution irregularities. It also strictly monitored all of its businesses in accordance with the budgets and ensured that all expenses were spent with the budgets accordingly.

In respect of development of informationization, a special department was established to accelerate the implementation of informationization. Informationization initiatives were adopted to ensure that financial expenses and use of funds were made under clearer authorization and segregation of duties in compliance with the budget and for the prevention of business risks. The successful adoption of these initiatives will effectively optimize management reform and management procedures.

In respect of technology management, the Company's application for the high-tech enterprise qualification has been reviewed by the High-tech Enterprises Recognition Committee of Sichuan Province, pending approval from the government. Moreover, the application for the patents of three utility models were made and approved.

In respect of quality management, the Company completed internal review and passed the re-evaluation by China Quality Certification Center in respect of corporate environment and occupational health and safety management system for monitoring the quality of label products.

In respect of safety production management, the Company made effective operational control with zero incident in respect of environmental safety, occupational health and safety, fire safety and security. The Company has strived to meet the production safety standardization.

## **FINANCIAL ANALYSIS**

### **Turnover**

During the Year, the turnover of the Group amounted to RMB1,209,522,056.73, representing an increase of 27.93% as compared with RMB945,460,888.72 for the year ended 31 December 2014 (the "Previous Year").

During the Year, the turnover of the Company was RMB292,507,209.76, representing an increase of 37.67% 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 RMB188,775,078.85, representing an increase of 1.10% 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 RMB25,433,626.77, representing a decrease of 40.19% 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 RMB37,259,412.56, representing a decrease of 27.44% 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 fiber and cable of RMB704,872,924.54, representing an increase of 46.08% 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 RMB33,674,501.98, while a net loss of RMB24,005,570.92 was attributable to equity holders of the Company for the Previous Year.

## **RESULTS ANALYSIS**

As at 31 December 2015, the Group's total assets amounted to RMB1,893,704,925.26, representing a decrease of 4.72% as compared with RMB1,987,449,063.43 as at the end of the Previous Year, of which current assets totalled RMB1,170,958,714.74, accounted for 61.83% of the total assets and representing a decrease of 3.22% as compared with RMB1,209,874,625.00 as at the end of the Previous Year. Property, plant and equipment totalled RMB530,581,354.23, accounted for 28.02% of the total assets and representing a decrease of 5.39% as compared with RMB560,795,807.80 as at the end of the Previous Year.

As at 31 December 2015, the Group's total liabilities amounted to RMB612,105,561.24; total liability-to-total asset ratio was 32.32%; bank and other short-term loans were RMB200,000,000.00, which remained unchanged as compared with RMB200,000,000.00 as at the end of the Previous Year. During the Year, the Group did not arrange other capital raising activities.

As at 31 December 2015, the Group's bank deposits and cash totalled RMB336,464,641.98, representing an increase of 22.00% as compared with RMB275,779,836.62 as at the end of the Previous Year.

During the Year, the Group's selling expenses, administration expenses and finance income amounted to RMB50,024,954.62, RMB112,359,896.05 and RMB5,958,888.62 respectively, representing a decrease of 28.85%, an increase of 10.71% and an increase of RMB3,126,195.23 respectively as compared with RMB38,823,775.01, RMB101,485,731.50 and RMB2,832,693.39 respectively in the Previous Year.

As at 31 December 2015, the Group's account receivables and bill receivables amounted to RMB410,168,670.66 and RMB101,785,217.79 respectively, representing an increase of 9.77% and a decrease of 8.82% respectively as compared with RMB373,667,184.47 and RMB111,630,904.90 respectively as at the end of Previous Year.

### **Analysis of Capital Liquidity**

As at 31 December 2015, the Group's current assets amounted to RMB1,170,958,714.74 (2014: RMB1,209,874,625.00), current liabilities were RMB523,613,748.81 (2014: RMB573,861,647.31), the annual receivables turnover period was 132.35 days and the annual inventory turnover period was 105.57 days. The above data indicates that the Company has strong solvency but its liquidity ability and level of management are yet to be improved.

### **Analysis of Financial Resources**

As at 31 December 2015, the Group's bank and other short-term loans were RMB200,000,000.00. As the Group had comparatively sufficient bank deposits and cash of RMB336,464,641.98, the Group does not have short-term solvency risk.

## **Non-current Liabilities or Loan**

As at 31 December 2015, the outstanding amount of the Group's long-term loan incurred as a result of the purchase of a French accelerator was RMB7,518,503.53 (equivalent to EUR1,059,660.55), 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 RMB1,050,835,928.75 during the Year (2014: RMB804,722,584.32, representing an increase of RMB246,113,344.43).

During the Year, the Group spent RMB9,756,010.80 (2014: RMB37,835,550.09, representing a decrease of RMB28,079,539.29) for the purchase of property, plant and equipment and expenses on the construction in progress.

As at 31 December 2015, the Group's liabilities and shareholders' equity amounted to RMB1,893,704,925.26 (2014: RMB1,987,449,063.43). The Group's interest expenses amounted to RMB12,791,657.80 in the Year (2014: RMB13,372,489.58).

## **Contingent Liabilities**

As at 31 December 2015, the Group did not have any contingent liabilities (2014: Nil).

## **BUSINESS OUTLOOK**

In 2016, traditional manufacturing industries will still have to face the pains from adjusting excessive production capacity. Due to the slowdown in total production growth, the industrial market opportunities will follow closely with the government investment areas under the 13th Five-Year Plan of the State, such as engineering construction projects which will be sped up: infrastructure development of the information economy and other development projects, including smart power grid, intelligent traffic system, renewable energy network, recycling of oil, gas and minerals, new urbanization, defence equipment and intelligent manufacturing.

The operation principles of the Company for 2016 are to conduct a thorough reform by implementing business strategies and optimizing market resources so as to effectively enhance management over operating results.

## **I. Accelerating business development and improving production quality**

To pursue the principles of optimal innovation, integration and capital management, the Company will strive for efficient implementation of business strategies, better market synergy effects and effective sharing of resources. Operation of major projects will be refined to boost business development. The Company will also enhance its business advantages and competitiveness.

### *1. Optical telecommunication business*

The Company will continue its efforts in the development of optical telecommunication business. The optical telecommunication business keeps growing and maintains business chain development. The Company will continue its market integration and sustainable development to ensure shareholders' return. Market development of products with higher gross margin will be strengthened to boost sales in these markets so as to increase the overall profitability, operation effectiveness and marketization of the Company.

### *2. Copper cables business*

Copper cables business will be developed as the second pillar of the Company and its share in the segment market will be enlarged. The existing segregated business layout will be transformed into a concentrated one. Appropriate business model will also be adopted to facilitate its differentiated development. The Company will grasp the opportunity in fast-growing railway transportation development by leveraging the CRCC accreditation to increase customer orders. Moreover, the Company will pay close attention to major industries and government projects and enhance its development in markets of medium and low voltage cables and aluminium alloy cables. It will also made good use of existing equipment and capacity to explore regional customer resources in markets of copper wire processing and irradiation processing.

### *3. Effective use of assets*

The Company will utilize resources such as industrial parks, factories and equipment and adopt various initiatives to increase its revenue. Idle assets were cleared and disposed for generating more property income. To enhance energy management, the Company will review its use of energy. Its joint ventures, business divisions and functional departments will be encouraged to adopt energy saving measures for more efficient use of energy.

## **II. Emphasizing improvement in operation quality and management**

The Company will apply new concepts to improve its management. Continuous efforts will be made to enhance its professional management ability and risk control level to ensure the sustainable and healthy development of its production and operation.

### *1. Expediting establishment of sales platform and market development*

The Company will revise its marketing platform and marketing philosophy. Through integrating external resources, the Company will develop a professional sales team with strong execution and market development ability. More resources will be allocated to promote sales while sales incentive policies will be refined. The Company will also capitalize on the competitive branding of China PUTIAN and Chengdu PUTIAN to support the market development of its products.

### *2. Accelerating reforms on human resources*

More team building efforts will be made, including the establishment of a staff management system that allows key personnel to be familiar with all the operations of the Company. The focus of the staff management system will be on business performance. An incentive system of collective responsibility will also be established. Management standards and working procedures will be refined while job duties and functions of all positions will be specified. The Company will develop a staff withdrawal mechanism and adopt various measures to reduce redundant personnel and increase efficiency. Other supplementary measures will be carried out to solve the problem of staff inefficiency. Remuneration reforms will also be enhanced through the establishment of a reasonable and refined appraisal system and a performance-based remuneration system.

### *3. Strengthening budget management by means of comprehensive budget planning*

Comprehensive budget management will be enhanced. Restriction and monitoring of budget will be strengthened with a view to meeting the annual budget target. The Company will utilize the informationization platform to strictly implement the budget review system and conduct monthly budget planning. The Company will refine its budget preparation by adopting project-based cost calculation method. Effectiveness of budget management will therefore be enhanced.

### *4. Accelerating informationization by developing an informationization platform for business management*

The Company will refine the existing procedures of the informationization system and develop new functions for it. With data collected from the informationization platform, the production and operation of the Company will be well-supported.

5. *Streamlining management to improve management effectiveness*

An accountability system for cost and expense management will be established to define the responsibilities in reducing cost, improving effectiveness and increasing profit margin. Procurement and tender will be regulated. The Company will carry out strategic procurement and centralized procurement of bulk stock and services. More stringent management over asset quality will be made through prudent review and management of project approval, customer credit and contracts will be strengthened. Besides, the evaluation and management of the “Two Funds” will be brought to business frontline. The responsibility of reducing the “Two Funds” will be specified and linked to assessment of business performance. New non-performing assets and potential losses will be under stringent surveillance. Inefficient assets will be disposed.

6. *Improving quality management to eliminate potential quality problems*

With regard to the existing quality problems, the Company will strive to maintain quality of products by formulating product standards, managing procurement, monitoring production process and conducting review and supervision. Moreover, the accountability system of quality will be optimized to strengthen the review of quality standards. The quality of products and customer satisfaction will be enhanced.

7. *Strengthening investment management by optimising resources allocation*

Different resources such as assets, funds, capital, market, technology and information will be consolidated to assist in developing large projects and improve the market competitiveness of the Company. Comprehensive management of strategies will be carried out to ensure their efficient implementation. The Company will also conduct analysis on investment feasibility, and enhance due diligence investigation and evaluation upon investments. Technology advancement scheme will be refined to continuously improve the QEHS management system.

8. *Optimizing internal control system for stronger overall risk management*

Overall risk management will be strengthened. The Company will conduct evaluation and review on specific risks and will strengthen dynamic surveillance of major risks. Various audits will be carried out with the objectives of problem identification, risk warning, management improvement and value creation. The Company will abide by the laws during its decision making and operation at all levels. Training on laws and regulations as well as promotion and education of laws will be strengthened in order to promote the compliance culture and practice within the Company.

The Company will implement the production safety in accordance with the requirements of the party and the government as well as the responsibilities of the Company to the society. Review of production safety will be enhanced. Serious accidents regarding safety issues shall be eradicated.



## **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 RMB2,390,000 in the Year (2014: RMB2,290,000). 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**

Pursuant to the document of High-tech Enterprises Recognition Committee of Sichuan Province (Chuangaoqiren [2015] No. 7), the Company was recognised as a high-tech enterprise and enjoyed the high-tech enterprises preferential tax rate of 15% for a period of three years from 2015 to 2017.

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 Sugaoqixie [2015] No.14 issued by the High-tech Enterprises Recognition and Management Coordination Group of Jiangsu Province, the Company's subsidiary, Jiangsu Fasten Photonics Co., Ltd., was recognised as the second batch of high-tech enterprises in 2015 in Jiangsu Province and enjoyed the high-tech enterprises preferential tax rate of 15% for a period of three years from 2015 to 2017.

## **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 (2014: the Group did not obtain any loan from banks which was secured by the Group's assets).

## **RISKS RELATED TO FINANCIAL INSTRUMENTS**

The Group 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 caused on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Group has exposure to the following risks from its use of financial instruments, which mainly include: credit risk, liquidity risk and market risk.

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

*1. Bank balances*

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

*2. Receivables*

The Group performs credit assessment on customers who use credit settlement on a continuous basis. The Company selects credible and reputable customers based on credit assessment result, and conducts ongoing monitoring on their net receivables, in order to avoid significant risks in bad debts.

**(II) Liquidity risk**

Liquidity risk is the risk that the Group may encounter deficiency of funds in meeting obligations associated with settlements by cash or other financial assets, 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 Group utilized financing tools such as notes settlement, bank borrowings, etc. and adopted long and short financing methods to optimize financing structures, and finally maintained a balance between financing sustainability and flexibility. The Group has obtained credit limit from several commercial banks to meet working capital requirements and expenditures.

**(III) Market risk**

Market risk is the risk that the Group may encounter fluctuation in fair value of financial instruments or future cash flows due to changes in market price. Market risk mainly includes interest risk and foreign exchange risk.

*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 Group's interest risk relates mainly to borrowings with floating interest rate.

## 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 Group'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 Group may trade foreign currency at market exchange rate when necessary, in order to maintain the net risk exposure within an acceptable level.

## **STAFF AND REMUNERATION POLICY OF THE GROUP**

As at 31 December 2015, the Group had 2,079 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 2015, 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 2015, 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 2015, 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 2015, 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 2015 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 2015 (2014: Nil).

## **IMPORTANT EVENT SINCE THE END OF THE YEAR**

There was no important event occurred within the Group since the end of the Year up to the date of this announcement.

## **CODE ON CORPORATE GOVERNANCE**

Although the Company attached great importance to corporate governance and strives to comply with the Listing Rules and other relevant 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 and the financial year of the first half of 2015. Most of such continuing connected transactions were related to purchase or sales of optic fibre and relevant commodities from or to connected persons. Hence, during the Year, the Company adopted remedial measures including publishing announcement, and seeking shareholders' approval and ensuring that information was announced in a timely manner. During the Year, the Board tried hard to improve disclosure about information and compliance matters of the Company.

Upon the change of session of the Board becoming effective on 12 November 2015, the number of independent non-executive directors and members of the Audit Committee of the Company were not in compliance with the minimum number requirements under Rules 3.10(1) and 3.21 of the Listing Rules. The proportion of independent non-executive directors in the Board also fell below the minimum requirement under Rule 3.10A of the Listing Rules, and the compositions of the Remuneration and Appraisal Committee and the Nomination Committee were not in compliance with Rule 3.25 of the Listing Rules and Code Provision A.5.1 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules. During

the period, the Board has been seeking suitable candidates. Effective from 4 February 2016, Mr. Lin Zulun has been appointed as an independent non-executive director and a member of various Board committees to fill the relevant vacancies.

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

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 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. Lin Zulun, all being the independent non-executive directors of the Company. The Audit Committee is responsible for matters such as conducting reviews of risk management, 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, 24 June 2016 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 2015 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 25 May 2016 to 24 June 2016 (both dates inclusive), during which period no transfer of shares will be registered.

In order to be qualified for attending and voting at the 2015 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 24 May 2016.

## 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 continuous 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, 25 March 2016

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. Wang Feng
	Mr. Han Shu
	Ms. Xu Liying
	Mr. Fan Xu
Independent Non-executive Directors:	Mr. Choy Sze Chung, Jojo
	Mr. Xiao Xiaozhou
	Mr. Lin Zulun