

Nanjing Putian Telecommunications Co., Ltd.

2014 Annual Report

March 2015

Section I. Important Notice, Contents and Paraphrase

Board of Directors, Supervisory Committee, all directors, supervisors and senior executives of Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as the Company) hereby confirm that there are no any fictitious statements, misleading statements, or important omissions carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

Other directors attended the board meeting on deliberating the report except for the following directors:

Name of absent director	Position of absent director	Reason for absence	Attorney
Li Tong	Director	Work causes	Han Shu
Zheng Aimei	Independent Director	Work causes	Zhang Shunyi
Ding Haiyan	Independent Director	Work causes	Zhang Shunyi

The Company has no plan of cash dividends carried out, bonus issued and capitalizing of common reserves either.

Wang Hong, Principal of the Company, Shi Lian, person in charge of accounting works and Qiu Huizhen, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of 2014 Annual Report is authentic, accurate and complete.

Concerning the forward-looking statements with future planning involved in the Report, they do not constitute a substantial commitment for investors. Investors are advised to exercise caution when investment risks exist.

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Paraphrase

Items	Refers to	Contents
CSRC	Refers to	China Securities Regulatory Commission
SZ Stock Exchange	Refers to	Shenzhen Stock Exchange
The Company, Company, Nanjing Putian	Refers to	Nanjing Putian Telecommunications Co., Ltd.
China Potevio	Refers to	China Potevio Company Limited

Indication of major risks

The Company has analyzed the risk factors that the company will face in the future development and its countermeasures in the report of “Section IV Report of the Board of Directors”. Investors are advised to pay attention to read.

Section II Company profile

I. Company information

Short form of the stock	NJ TEL B	Stock code	200468
Short form of the stock after changing (if applicable)	N/A		
Stock exchange for listing	Shenzhen Stock Exchange		
Name of the Company (in Chinese)	南京普天通信股份有限公司		
Short form of the Company (in Chinese)	南京普天		
Foreign name of the Company(if applicable)	Nanjing Putian Telecommunications Co., Ltd.		
Legal representative	Wang Hong		
Registrations add.	No. 58 Qinhuai Road, Jiangning Economics and Technology Development Zone, Nanjing, Jiangsu Province		
Code for registrations add	211100		
Offices add.	No. 1 Putian Road, Qinhuai District Nanjing, Jiangsu Province		
Codes for office add.	210012		
Company's Internet Web Site	www.postel.com.cn		
E-mail	securities@postel.com.cn		

II. Person/Way to contact

	Secretary of the Board	Rep. of security affairs
Name	Zhang Shenwei	Xiao Hong
Contact address	No. 1 Putian Road, Qinhuai District Nanjing, Jiangsu Province	No. 1 Putian Road, Qinhuai District Nanjing, Jiangsu Province
Tel.	86-25-58962010	86-25-58962072
Fax.	86-25-52409954	86-25-52409954
E-mail	zsw@postel.com.cn	xiaohong@postel.com.cn

III. Information disclosure and preparation place

Newspaper appointed for information disclosure	<i>Securities Times; Hong Kong Commercial Daily</i>
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Website for annual report publish appointed by CSRC	www.cninfo.com.cn
Preparation place for annual report	Financial security department of the Company

IV. Registration changes of the Company

	Date for registration	Place for registration	Registration NO. for enterprise legal license	No. of taxation registration	Organization code
Initial registration	1997-05-18	Nanjiang Administration for Industry & Commerce	13487805-4	320121134878054	13487805-4
Registration at end of report period	2014-12-10	Jiangsu Administration for Industry & Commerce	320000400000500	320121134878054	13487805-4
Changes of main business since listing (if applicable)	No changes				
Previous changes for controlling shareholders (if applicable)	The original controlling shareholder of the Company was China Putian Corporation. In 2005, China Putian Corporation transferred all the holding shares free to China Potevio Co., Ltd. The controlling shareholder of the company changed to China Potevio Co., Ltd.				

V. Other relevant information

CPA engaged by the Company

Name of CPA	Pan-China Certifier Public Accountants (Limited Liability Partnership)
Offices add. for CPA	17/F, Tower B, Beijing International Building, No. 18, Nandajie Jia, ZOL, Haidian District, Beijing
Signing Accountants	He Jiangxing, Wang Shuaijun

Sponsor engaged by the Company for performing continuous supervision duties in reporting period

Applicable Not applicable

Financial consultant engaged by the Company for performing continuous supervision duties in reporting period

Applicable Not applicable

Section III. Accounting data and summary of financial indexes

I. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data for accounting policy changed and accounting error correction or not

√ Yes □ No

	2014	2013		Changes over last year	2012	
		Before the adjustment	After the adjustment	After the adjustment	Before the adjustment	After the adjustment
Operating income (RMB)	2,293,340,939.99	2,429,380,328.74	2,429,380,328.74	-5.60%	2,667,775,362.77	2,667,775,362.77
Net profit attributable to shareholders of the listed company(RMB)	-18,976,543.88	4,898,647.91	4,898,647.91	-487.38%	5,535,230.52	5,535,230.52
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	-24,332,137.36	-20,872,447.83	-20,872,447.83	-16.58%	1,530,387.80	1,530,387.80
Net cash flow arising from operating activities(RMB)	71,019,036.33	46,696,334.40	46,696,334.40	52.09%	128,469,112.01	128,469,112.01
Basic earnings per share (RMB/Share)	-0.09	0.02	0.02	-550.00%	0.03	0.03
Diluted earnings per share (RMB/Share)	-0.09	0.02	0.02	-550.00%	0.03	0.03
Weighted average ROE	-5.08%	1.29%	1.29%	-6.37%	1.48%	1.48%
	End of 2014	End of 2013		Changes over end of last year	End of 2012	
		Before the adjustment	After the adjustment	After the adjustment	Before the adjustment	After the adjustment
Total assets (RMB)	2,082,860,208.23	2,107,194,638.89	2,107,194,638.89	-1.15%	2,090,174,751.87	2,090,174,751.87
Net assets attributable to shareholder of listed company (RMB)	364,179,913.14	383,210,520.22	383,210,520.22	-4.97%	377,805,453.39	377,805,453.39

II. Difference of the accounting data under accounting rules in and out of China

1. Difference of the net profit and net assets disclosed in financial report, under both IAS (International Accounting Standards) and Chinese GAAP (Generally Accepted Accounting Principles)

Applicable Not applicable

The Company had no difference of the net profit or net assets disclosed in financial report, under either IAS (International Accounting Standards) or Chinese GAAP (Generally Accepted Accounting Principles) in the period.

2. Difference of the net profit and net assets disclosed in financial report, under both foreign accounting rules and Chinese GAAP (Generally Accepted Accounting Principles)

Applicable Not applicable

The Company had no difference of the net profit or net assets disclosed in financial report, under either foreign accounting rules or Chinese GAAP (Generally Accepted Accounting Principles) in the period.

III. Items and amounts of extraordinary profit (gains)/loss

Applicable Not applicable

In RMB

Item	Amount in 2011	Amount in 2013	Amount in 2012	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	240,350.20	22,692,937.97	422,324.11	
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	2,208,863.00	5,290,766.74	5,006,973.90	
Gains arising from difference between investment cost of subsidiary, affiliated enterprise and joint-venture enterprise obtained and fair value of identifiable net assets that deserves in invested enterprise	3,276,764.14			
Gains/losses of debt restructure		-30,437.62	1,030.00	
Other non-operating income and expenditure except for the aforementioned items	-336,534.03	-706,722.67	-254,504.27	
Less: impact on income tax	14,286.43	808,962.64	535,641.32	
Impact on minority shareholders' equity (post-tax)	19,563.40	666,486.04	635,339.70	
Total	5,355,593.48	25,771,095.74	4,004,842.72	--

Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/Loss*, and the items defined as recurring profit (gain)/loss according to

the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, explain reasons

Applicable Not applicable

In reporting period, the Company has no particular about items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*

Section IV. Report of the Board of Directors

I. Introduction

In reporting period, suffer by double pressure from complex economic situation and huge market competition, the Company principled on “innovation, integration and capital”, follow the line of adjusting industrial structure and focusing on efficiency, strengthen internal management-based, change for innovation and general operation activities of the Company shows a stable development situation. Affected by investment structure adjustment from operators and the less investment for optical communication network construction, the Company face difficulties of declined in market demand and fierce competition during the Period; the Company achieved operation revenue of RMB 2293 million in 2014, a 5.60% down over last year; total profit amounting to RMB 8.1459 million with 68.89% down y-o-y; net profit attributable to parent company amounting to RMB -18.9765 million.

Changes of operation revenue, operation cost and profit constitution in reporting period:

Item	2014	2013	Increase/decrease y-o-y (RMB)	Increase/decrease y-o-y (%)
Operation revenue	2,293,340,939.99	2,429,380,328.74	-136,039,388.75	-5.60%
Operation cost	1,933,236,668.23	2,068,703,773.04	-135,467,104.81	-6.55%
Sales expense	171,178,560.06	166,511,077.88	4,667,482.18	2.80%
Administrative expense	139,587,907.98	142,849,359.10	-3,261,451.12	-2.28%
Fianncial expense	33,425,667.22	32,966,622.27	459,044.95	1.39%
Investment income	4,533,601.95	19,354,984.06	-14,821,382.11	-76.58%
Operation profit	1,644,754.67	21,484,040.15	-19,839,285.48	-92.34%
Non-operation revenue	7,452,836.21	5,591,024.49	1,861,811.72	33.30%
Non-operation expenditure	951,652.57	891,502.16	60,150.41	6.75%
Total profit	8,145,938.31	26,183,562.48	-18,037,624.17	-68.89%
Income tax	16,670,494.96	13,234,161.80	3,436,333.16	25.97%
Net profit	-8,524,556.65	12,949,400.68	-21,473,957.33	-165.83%
Net profit attributable to owners of parent company	-18,976,543.88	4,898,647.91	-23,875,191.79	-487.38%

Reasons for deficit in the Period:

1. In reporting period, Affected by investment structure adjustment from operators and the less investment for optical communication network construction, some of the products are declined in market demand, fierce competition in price, the revenue from sales and gross margin declined;
2. According to the regulation of Accounting Rules, as for some of the inventories and account receivbles with impairment evidence presented, withdrawing depreciation reserves RMB 10.2055 million.
3. The Company obtained income RMB 22.48 million from dispose of equity for joint-stock company last year, and there is no such major disposal occurred in the Year, investment income drops sharply.
4. In reporting period, the Company strive to control purchasing cost via many measures, however, the costs for labors and market development expenses are hard to reduced, period expense shows the same as last year basically.

II. Main business analysis

1. Introduction

Review and summary to the progress of development strategy and business plan disclosed in the previous period during the report period

The main operating targets of 2014 disclosed in “2013 Annual Report”: to achieve sales scale of RMB 2 billion, to return funds of RMB 2.04 billion and to make operational quality improve on year-on-year basis and to fully complete the annual budget goals.

The Company achieved operation revenue of RMB 2.293 billion in 2014, completed 114.67% of the annual plan; returned funds of RMB 2.3 billion, completed 112.74% of the annual plan, operation quality and assets quality are stabile as a whole.

(I) Industrial development: facing increasingly acute competition in market environment and constantly changing pattern in communication industry, the Company rapid up organization of the industrial structure, well-define industrial classification, strengthen industrial integration, give full play to the core competitive ability of industrial chain, re-allocated resources, makes the resources central with competitive industries and leading industry.

Wiring industry: eyes on major field, promoted intensive operation, focus on operators market, enlarge development efforts in collective market, win the bidding with many projects from three-major operators, involved in the formulation of group’s regulation for operators; meanwhile, based on traditional operator’s resources, market development extending to the enterprise of broadcasting and TV, power and tower.

Multimedia application industry: bring forth new ideas in solutions plans for industry, open up new markets. Achieved the transformation from product-sales to solution –sales; completed the solution of “HuiRong” remote virtual bank, “HuiZhen” remote apoplexy treatment solution, many benchmarking projects are achieved.

Access deployment industry: hold on to brand character of self-innovation and telechnology leadership, develop with a steady pace, actively involve in the major construction of the government, railway and real estate in the Country; acquires certain breakthrough in both video surveillance and new products of large screen display while the two main lines of visual intercom and security cable maintain a substantial growth.

Intelligent electric industry: to seize the opportunities, steadily promote the market exploitation, take an active part in distribution box contractors business, continues to carried out market strategy of “run through the rail transit industry”, achieving universal coverage in 17 metro cities in the Country, 6 of the 12 constructing cities are achieved.

System integration industry: diversification in operation, expanding industrial chain. Many SI projects operated successfully. Made a deeply excavation of customers, improving and enlarging agent quota in value added business. Meanwhile, further strengthen market of dedicated access for corporations of the telecom operators, actively seeking for breakthrough in industry clinets, and achiveing a certain results in railways bureau and power market.

Wireless industry: grasp the market trend, optimize product structure. Hold a stable high-speed rail project, vigorously develop operators market, take an active part in operator’s purchasing for passive device.

Basic processing industry: on basis of the traditional processing business, aggressive investigate trasformation of the business depends on exist resources. Enlarge the cooperation externally, integrated OEM business, introduce new customers, improve clients structure, and highering gross margins through increased the proportion of superior difficulty processed products.

(II) Operation management: deepen the management innovation, transforming from investment management oriented to value creation oriented; consolidated management requirement of “profession, simplification and efficiency”, improve specialization standards and plays a service and supporting role in industry development.

Firstly, deepening industrial structure adjustment, “new normal” orientation. Enhance orginzation for industrial management and research of planning development, re-adsjuted industrial patten, focus on advantage resources and create a core competence of industries.

Secondly, optimized investment structure, improve assets utilization efficiency, perfected relevant mechanism and process of property management, strengthen management in change of property in overall process.

Thirdly, strengthening basic management, reinforce development foundation. Continues to comprehensively promote budget management, assets auality management and cost expenses management. Orderly carried out construction of quality system, enviornmental management and occupational health security management system, do inernal/external auditing works for the integrated management system. Standardize procurement bidding, improve material management system, and lower the operation costs pressure of the Company.

Fourthly, incease independent innovation and technology investment. Adhere to market-orientation, constantly insist on self-dependent innovation, achieved a good performance in technological innovation. Five utility models and one patent for invention have obtained authorization from the SIPO. The “all electronic optical fiber network intelligence system”, “FTTH optical fiber cable jointing components” and other 36 products were approved.

Fifthly, strengthening risk management, internal control system further refining. Further improve vary regulations and mechanism, standardize business process, enhance construction of overall risk management internal control system. Improve special auditing works, vigorously promoted legal reviewing, continues to carried out efficiency supervision and preventing management risks.

Sixthly, improve system of HR management, enhance management standards for HR. refining position management for key functions, carried out optimization management for labor costs, continues to promote remuneration system oriented by performance, strengthening personnel trainings, focus on improving overall quality of the whole Company’s personnel, promoted a mutual development of the enterprise and employees.

Reasons for difference of actual operation performance has 20% lower or higher than profit forecast of the Year disclosed

Applicable Not applicable

Changes of main operation mode

Applicable Not applicable

2. Revenue

Explanation

The Company achieved operating revenue RMB 2.293 billion, decreasing RMB 0.136 billion than last year, mainly because the adjustment of investment structure for communication carrier in the Period, investment for optical communication network declined, demands of some of the products are drops in market, and the wiring products declined dramatically.

Whether income from physical sales larger than income from labors or not

Yes No

Industries	Item	Unit	2014	2013	Increase/decrease y-o-y
Communication industry	Sales volume	Yuan	2,171,921,415.84	2,327,017,205.2	-6.67%
	Production volume	Yuan	2,200,577,529.23	2,372,878,979.18	-7.26%
	Inventory volume	Yuan	442,456,636.25	414,150,259.09	6.83%
Electrical apparatus industry	Sales volume	Yuan	121,419,524.15	113,688,537.35	6.80%
	Production volume	Yuan	116,783,879.36	115,492,658	1.12%
	Inventory volume	Yuan	12,575,228.68	17,210,873.47	-26.93%

Reasons for y-o-y relevant data with over 30% changes

Applicable Not applicable

Note: unit of measurement is hard to unified due to wide varieties of the products, the sales volume, inventory volume and production volume above mentioned are listed on basis of money.

Material orders in hands

Applicable Not applicable

Material changes or adjustment for products or services of the Company in reporting period

Applicable Not applicable

Major sales of the Company

Total top five clients in sales (RMB)	1,032,188,436.60
Proportion in total annual sales volume for top five clients	45.01%

Information of top five clients of the Company

Applicable Not applicable

Serial	Name	Sales (RMB)	Proportion in total annual sales
1	China Telecom Corporation and the subordinate enterprises controlled	536,966,928.27	23.41%
2	China Mobile Communication Corporation and the subordinate enterprises controlled	205,895,668.38	8.98%
3	China United Network Communications Group Co.,Ltd and the subordinate enterprises controlled	166,690,376.72	7.27%
4	Beijing Transtrue Technology Inc.	82,639,423.08	3.60%
5	Quanzhou Huahe Communication Technology Co., Ltd.	39,996,040.15	1.74%
Total	--	1,032,188,436.60	45.01%

Other situation of main clients

Applicable Not applicable

Top five clients shows no incidence relation with the Company, the directors, supervisors, senior executives, core technician, shareholders with over 5% shares held, actual controller and other related parties did not holds equity in main clients directly or indirectly.

3. Cost

Industry classification

In RMB

Industry classification	Item	2014		2013		Y-o-y changes
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Communication industry	Raw material	949,478,963.98	49.11%	932,353,217.90	44.70%	4.41%
Communication	Outsourcing	824,994,699.50	42.67%	965,589,280.67	46.30%	-3.62%

industry	products					
Electrical apparatus industry	Raw material	82,330,575.41	4.26%	78,574,269.49	3.77%	0.49%

Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	796,690,287.73
Proportion in total annual purchase amount for top five suppliers	53.68%

Information of top five suppliers of the Company

√Applicable □Not applicable

Series	Name of suppliers	Amount of purchase(RMB)	Proportion in the annual total amount of purchase
1	Sainty Machinery Imp and Exp Corporation	298,849,857.11	20.14%
2	Jiangsu Zhongbo Communication Co.,Ltd	274,395,317.05	18.49%
3	Polycom, Inc. and the subordinate enterprises	120,312,776.74	8.11%
4	Hongan Group Co., Ltd.	54,797,179.66	3.69%
5	Jiangsu Dongqiang Co., Ltd.	48,335,157.18	3.26%
Total	--	796,690,287.73	53.68%

Other notes of main suppliers of the Company

√Applicable □Not applicable

Top five suppliers shows no incidence relation with the Company, the directors, supervisors, senior executives, core technician, shareholders with over 5% shares held, actual controller and other related parties did not holds equity in main suppliers directly or indirectly.

4. Expenses

Item	2014(RMB)	2013(RMB)	Variable amount (RMB)	The range of changing	Reason for the changing range over 30%
Sales expenses	171,178,560.06	166,511,077.88	4,667,482.18	2.80%	-
Administrative expenses	139,587,907.98	142,849,359.10	-3,261,451.12	-2.28%	-
Financial expenses	33,425,667.22	32,966,622.27	459,044.95	1.39%	-
Income tax expenses	16,670,494.96	13,234,161.80	3,436,333.16	25.97%	-

5. Research and development expenditure

Arounded by market trends and customer demand, the Company success in research of new technology, desining new products and exploiting new markets, improving viability, brand quality and enterprise's value through technical innovation. In 2014, the Company owns 26 patents (including 4 patent for an invention, 14 utility model patent and 4 appearance design), 39 technical research and development pass the approval from the city government experts, obtained approved from Nanjing City.

In 2014, the Company developed new products of optical fiber network intelligence system with contact-type integrated circuit OBU, end preparation single-point and on-site packaged optical fibre connector, FTTH optical fiber cable jointing components, energy-saving data center etc.

Expenses for research and development amounting to RMB 69.7026 million in 2014, a 19.14 percent in net assets of the Company at end of 2014, a 3.04 percent in operation revenues for year of 2014.

6. Cash flow

In RMB

Item	2014	2013	Y-o-y changes
Subtotal of cash in-flow from operation activity	2,781,172,077.08	2,727,527,397.72	1.97%
Subtotal of cash out-flow from operation activity	2,710,153,040.75	2,680,831,063.32	1.09%
Net cash flow from operation activity	71,019,036.33	46,696,334.40	52.09%
Subtotal of cash in-flow from investment activity	15,714,855.99	27,295,593.25	-42.43%
Subtotal of cash out-flow from investment activity	7,726,537.43	23,353,830.45	-66.92%
Net cash flow from investment activity	7,988,318.56	3,941,762.80	102.66%
Subtotal of cash in-flow from financing activity	443,000,000.00	467,000,000.00	-5.14%
Subtotal of cash out-flow from financing activity	548,605,232.92	545,427,987.12	0.58%
Net cash flow from financing activity	-105,605,232.92	-78,427,987.12	-34.65%
Net increased amount of cash and cash equivalent	-26,664,785.31	-27,655,804.16	3.58%

Reasons for y-o-y relevant data with over 30% changes

√Applicable □Not applicable

1. Net cash flow from operation activity sharply increase y-o-y mainly because money from goods received from clients in the Period increased over that of last year;
2. Cash in-flow from investment activity declined dramatically y-o-y mainly because equity of joint stock enterprise are transferred

last year with major equity transfer money received;

3. Cash out-flow from investment activity declined dramatically y –o-y mainly because more investment for fixed assets construction as plants in last year;

4. Net cash flow from investment activity sharply increase y-o-y mainly because cash paid for purchasing fixed assets in the Period lower than that of last year;

5. Net cash flow from financing activity declined dramatically y –o-y mainly because sales drops in the period, the Company reduced loans in order to control the capital costs.

Reasons of major difference between the cash flow of operation activity in report period and net profit of the Company

Applicable Not applicable

III. Composition of main business

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase/decrease of operating revenue y-o-y	Increase/decrease of operating cost y-o-y	Increase/decrease of gross profit ratio y-o-y
By industries						
Communication industry	2,111,881,896.79	1,796,908,636.75	14.91%	-7.87%	-7.83%	-0.03%
Electrical apparatus industry	120,313,467.75	89,995,703.24	25.20%	6.81%	4.33%	1.78%
By products						
Video conference products	634,299,772.85	528,271,482.09	16.72%	2.64%	3.27%	-0.51%
Integrated wiring products	305,036,225.15	244,732,847.91	19.77%	14.10%	15.48%	-0.96%
Electrical products	120,313,467.75	89,995,703.24	25.20%	6.81%	4.33%	1.78%
Wiring products and other	1,399,226,347.31	1,249,939,828.24	10.67%	-14.32%	-14.83%	0.53%
Interior offset	226,680,448.52	226,035,521.49				
By region						
Domestic	2,209,027,085.17	1,864,654,650.55	15.59%	-7.63%	-7.83%	0.18%
Overseas	23,168,279.37	22,249,689.44	3.96%	72.54%	72.41%	0.07%

Under circumstances of adjustment in reporting period for statistic scope of main business data, adjusted main business based on latest one year's scope of period-end

Applicable Not applicable

IV. Assets and liability analysis

1. Major changes of assets

In RMB

	End of 2014		End of 2013		Ratio changes	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	394,586,647.76	18.94%	430,024,326.63	20.41%	-1.47%	-
Account receivable	770,808,856.85	37.01%	789,984,001.55	37.49%	-0.48%	-
Inventory	455,031,864.93	21.85%	431,011,396.33	20.45%	1.40%	-
Investment real estate	32,351,447.02	1.55%	4,401,316.11	0.21%	1.34%	-
Long-term equity investment	184,932,925.28	8.88%	189,805,012.84	9.01%	-0.13%	-
Fix assets	85,925,183.82	4.13%	106,610,502.71	5.06%	-0.93%	-
Construction in progress	20,079,624.08	0.96%	16,157,767.87	0.77%	0.19%	-

2. Major changes of liability

In RMB

	2014		2013		Ratio changes	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Short-term loans	403,000,000.00	19.35%	462,000,000.00	21.92%	-2.57%	-

3. Assets and liabilities measured by fair value

Applicable Not applicable

4. Main overseas assets

Applicable Not applicable

V. analysis of core competence

The Company is a state-owned telecommunication equipment manufacturing enterprise, owes a favorable R&D ability, production ability, marketing ability and fiverdified product structure, brand owes a well-deserved reputation and influence in the industry. Wiring industry has a completed sales network on a national scale, has a good cooperation relation with carriers for a long time, owes

variety products and obtained relevant awards of wiring industry repeatedly. Comprehensive cabling products owes a stable and sound channel resources, focus on independent innovation, be beneficial to obtained government investment projects under the environment of supporting independent innovation from the State. Visual intercom stands in industry front-end for many years and owes majority high-quality customer resources. Low-voltage apparatus have a higher market shares in rail transit, and a higher professional products and more competitive. Along with the continuously changes of market demand in communications industry, the Company, under the target of maintains leading position in industry, strengthen industry development by centralize the resources, cultivate strategy emerging industries, and transfer step by step from single product manufacturing to total solution supplier, further to ensuring competitive in industry and improving sustainable development ability.

VI. Investment analysis

1. Equity investment

(1) Investment

Applicable Not applicable

Investment		
Investment in reporting period (RMB)	Investment y-o-y (RMB)	Range of the change
200.00	500.00	60.00%
Invested company		
Name	Main business	Equity ratio in invested company for listed company
Nanjing Putian Datang Information Electronics Co., Ltd.	R&D, production and sales of solar street lamp controller series products	40.00%

(2) Holding the equity of financial enterprise

Applicable Not applicable

The company had not held the equity of financial enterprise in the reporting period-end.

(3) Securities investment

Applicable Not applicable

The company had no securities investment in the reporting period.

(4) Explanation on equity of other listed company held

Applicable Not applicable

The Company had no equity of other listed company held in Period.

2. Trust financing, investment of derivatives and entrustment loan

(1) Trust financing

Applicable Not applicable

The company had no trust financing in the reporting period.

(2) Investment of derivatives

Applicable Not applicable

The company had no derivative investment in the reporting period.

(3) Entrustment loan

Applicable Not applicable

The company had no entrusted loans in the reporting period.

3. Application of raised proceeds

Applicable Not applicable

The company had no application of raised proceeds in the reporting period.

4. Main subsidiaries and stock-jointly companies

Applicable Not applicable

Particular about main subsidiaries and stock-jointly companies

In RMB

Company name	Type	Industries	Main products or service	Register capital	Total assets	Net Assets	Operating revenue	Operating profit	Net profit
Nanjing South Telecommunications Company Limited	Subsidiary	Communication industry	Manufacture and sales of data communication equipment	34,205,147.83	428,604,036.51	131,885,218.56	634,649,772.85	32,586,575.85	23,274,123.18
Nanjing Putian Intelligent Building Ltd.	Subsidiary	Communication industry	Manufacture and sales of intelligent building system	12,000,000.00	278,832,938.00	86,453,105.57	308,797,267.30	16,956,659.23	14,235,510.42
Nanjing Putian Network Company Ltd.	Subsidiary	Communication industry	Manufacture and sales of software of telecommu	10,000,000.00	44,327,458.36	25,506,687.49	52,064,211.64	-41,395.96	1,076,790.00

			nications, network and electronic equipment						
Nanjing Putian Changle Telecommu nications Equipment Co., Ltd.	Subsidiary	Communica tion industry	Out-door patch, sub-line equipment, network box(cube)of out-door and machinery office, manufactur e and sales of communica tion electrical products	10,000,000. 00	129,483,19 9.43	31,236,945. 26	125,175.05 2.19	6,871,717.7 9	6,696,301.1 6
Nanjing Bada Telecommu nications Equipment Co., Ltd.	Subsidiary	Communica tion industry	manufactur e of card-termin al communica tion equipment	11,301,400. 00	7,894,057.9 5	-5,954,532. 21	8,719,914.2 4	-5,964,876. 32	-5,892,492. 82
Putian Telecommu nications (H.K.) Co., Ltd.	Subsidiary	Communica tion industry	Export and import of telecommu nication equipment, Hi-tech R & D and transfer, technology trade	HKD20000 00	7,446,126.7 9	-16,180,793 .62	19,818,032. 87	-25,933.58	-25,933.58
Nanjing Postel Wongzhi Telecommu nications Co., Ltd.	Subsidiary	Communica tion industry	Production, sales and processing of electrical products	90,190,000. 00	41,321,983. 06	39,859,982. 85	41,842,092. 66	1,651,451.9 9	1,651,451.9 9

Nanjing Putian Information Technology Company Ltd.	Subsidiary	Communication industry	Manufacture and sales of electrical and telecommunication products	14,000,000.00	16,715,430.22	5,342,968.83	14,095,658.74	352,323.95	250,391.83
Nanjing Putian Telecommunication Technology Company Ltd.	Subsidiary	Communication industry	Electronic components assembly, electronic products, telecommunication equipment, Hi-tech R & D and sales	5,000,000.00	10,761,957.58	1,568,390.33	46,994,563.00	-128,545.97	291,935.55
Nanjing Mennekes Electrics Co., Ltd.	Subsidiary	Electrical apparatus industry	Manufacture and sales of plug & socket of industrial-used	USD5200000	128,210,489.94	86,219,448.15	121,419,524.15	6,612,557.74	4,522,408.75
Nanjing Putian Datang Information Electronic Co., Ltd.	Subsidiary	Communication industry	Development, production, sale, engineering technical service of electronic product; processing service of surface mounting and welding	10,000,000.00	35,967,762.46	24,997,607.85	21,605,788.97	2,424,290.04	3,213,704.83
SEI-Nanjing Putian Optical Network	Joint-stock company	Communication industry	Development and manufacture of ODN products, optical communica	37,088,800.00	50,036,400.21	25,553,248.94	32,196,787.32	-2,285,841.54	-1,928,470.87

			tion components and RFTS						
Potevio Hi-tech Industry Co., Ltd.	Joint-stock company		R&D of communica tion technology products, sales, network system integration, rental of industrial park venue and property managemen t etc.	337,548,14 1.29	344,122,38 4.82	341,144,98 0.05	18,981,308. 51	1,503,718.5 8	1,047,489.3 7

Notes of main subsidiaries and stock-jointly companies

Nanjing Putian Datang Information Electronic Co., Ltd. is the new subsidiary combined in the Period, the accounting period for operation revenue, operation profit and net profit refers is from combination date to end of 2014(June to December 2014).

Particular about subsidiaries obtained or disposed in report period

√Applicable □Not applicable

Name of company	Purpose of getting and treating subsidiary in the reporting	The way of getting and treating subsidiary in the reporting	Influence on overall product and performance
Nanjing Putian Datang Information Electronics Co., Ltd.	Development needs of overall strategic	The proportion of votes increased and gained the control	Had a positive impact on the performance of the Company

5. The significant progress of non-raised proceeds investment

√Applicable □Not applicable

In ten thousand Yuan

Name of the project	Total investment amount planned	Investment amount in the reporting period	Accumulation of actual investment amount ended of the reporting period-end	Progress of the project	Earnings of the project	Date for disclosed (if applicable)	Index for disclosed (if applicable)
Phase I of Putian Technology	5,683.5	366.72	1,921.07	33.80%	Not yet completed	2013-10-18	“Notice of Investment of Construction

Innovation Park							for Phase I of Putian Technology Innovation Park”; Notice No.: 2013-025; disclosed at Juchao Website(www.cninfo.com.cn)
Total	5,683.5	366.72	1,921.07	--	--	--	--

VII. Estimated performance for year of 2015 (From January to March)

Estimation on accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation on reason

Applicable Not applicable

VIII. Special purpose vehicle under the control of company

Applicable Not applicable

IX. Prospect for future development of the Company

1. Industry competition pattern and development trend analysis

Domestic economy parently evolved to the stage of more advanced in form, division of labor more complicated and better structured, the development of economy comes to “new normal” gradually; rate of rise turns to middle high speed from high speed; way of development turns to intensive growth with quality efficiency from extensive growth with speed scale type; the structural adjustment comes to the deepen adjsutment from increment-capacity expansion-oriented to both stcok and increment adjustment; and the development power change from traditional growth points to new sources of growth.

Communication industry not only facing the “new normal” of the economy on the whole, but also facing the slow growth in business revenue from self-operated business and the “new normal” of business structural adjsutment. Firstly, along with the development of Internet of Things, cloud computing, internet and mobile internet, connotation for the communication industry further expanded; the information industry, in a wider sense, comes to an important part of strategic emerging industries, and providing power for the economic growth under the “new normal”, usher into a new round of development opportunities. Secondly, owing to the charteristics of “new three high-”(high-technical content, high economic efficiency and high value chain) in information industry, with the merge together and penetrating with traditional industry, the traditional industry shall upgrading reconstruction, promoted operational efficiency improvement for the national economy and restructuring and upgrading for the economic structure. And it will bring immense developing spaces to the enterprises.

The Company will grasp and earnestly made use of the advantage conditions, searching for development opportunities and operation chance, strive to improve development quality and efficiency, put a new premium on vary possible adverse factors, strengthen judgement and anticipation for the situation, actively adapt to new normal, trends industrial applications and industrializations development, cultivating and developing emerging information services and achieving a new life in way of traditional industry upgrading.

2. The Company's development strategy

Actively seize and meet the new normal, adhere to the overall tone of maintaining stability, comprehensively deepen reform, industry upgrading optimization, mechanism innovation, to increase economic benefits as the center, to the value thinking and benefit as the direction, actively founding a new points of cultivation, obtaining growth, quality and benefit from the adjustment of industrial structure, open a new stage of sustainable development.

3. New annual business plan

Main operation target for year of 2015: operation revenue achieved over RMB 1.8 billion, operation quality improve y-o-y(note: the above operation target is not the profit forecast, investors are advice to pay attention on them)

Main measures plans to take for achieving business target:

I. Industry: well-defined the development targets for vary industry sector, shaping an industrial pattern according to the current resource that accumulates, focusing on value point, innovating mechanism, sharing market resources; makes the Company has complementary in products, has reusability for employees, dependency in production ability and innovation for solutions; create a core competences in major industrial sector, enhance profitability for industry, realized a unify “three works” management gradually with financial works, operation works and law works.

Wiring: well-defined the orientation for every operation units, economizing the headquarter’s industrial pattern, resource integration, optimized supplier chain management mode and improved core competence for the industry chain. Adhering to the strategy idea of low-cost manufacturing and technical innovation, continue to consolidate and expand the carrier market, attach importance to operator’s purchasing works, ensuring products of the Company in finalist and obtained more shares. Keep a watchful eye on changes of the industry development, while guarantee a share of market in traditional market, focus on needs of operation and maintenance from customers, seizing new growth points for the business and actively to expanding private network and industry market.

Multimedia application: stick to traditional market, strategy implementation focus. Closely around development orientation of “remote solution provider”, with audio&video correspondence and product integration as the core competence, business extends from office video conference applications to field of medical treatment and education etc., and expanding industry boundaries gradually. Accelerate the cultivation shaping for new industries, enlarge sales scale and improve market competition ability and brand penetrability.

Access application: stabilized and develop the existing market, actively increase market exploitation. According to different customers level, market subdivision. Based on industry and major projects for first-tier city, focus on development for data centre and electrical market; developed local industry market in second-and third-tier cities. Strengthen brand publicity, building a high-end and self-dependent new brand image.

Intelligent electric: guarantee a market advantage and shares in rail transit industry, exploit market opportunity of the new energy fields, and follow up the pace of development for future emerging industry. Focusing on traditional advantage areas of rail transit, power, steel, metallurgy, airport, port etc., aggressive investigate field of nuclear power and petroleum platform; meanwhile, on basis of maintaining original college and universities and real estate market, intensify development of high&low voltage products for power supply enterprises and environmental protection enterprise, power quality management solution transition step by step.

System integration: with the help of operator and private network market platform, further to developing integration business from clients of troops, public security, petroleum, education etc.. eyes on Tower Company and emerging market of Wasu, increased investment ability. Significant attention to relevant projects of people’s livelihood, improve construction of the smart care platform. Around by three orientations of information platform-data centre in the Park, Park technology intelligent system construction and energy management of energy-saving low-carbon, develop a solution of customize smart park.

Wireless: building a stereo wireless sales platform, guarantee passive component occupancy in high-speed rail market, vigorously develop passive component responding to the market demands. Carry out special promotion of wireless products in industry market.

Basic processing: on basis of stabilized existing processing business, actively seeking breakthrough of the business transition. Achieving ODM development patterns gradually in aspect of electromachining, and improving speciality in processing ability and

resources.

II. Management

(I) Improve strategy execution, increase investment management. Scientific formulate development strategy and plans, rounded by structure adjustment and resources integration, and industry and parks co-ordination, rationally allocate resources, ensuring the strategy implementation carried out closely with the strategy target, guarantee an efficiency execution for the enterprise's strategy.

(II) Consolidate grass-root implementation for management system, strengthen basic management. Improving core roles of budget, solved major issues in process of budget on time, guarantee key projects in the budget are completed on schedule. Further to strengthen building of financial management system and financing works. Enhance assets management, ensuring proportion of the receivables and stocks in revenue controls in a reasonable standards while revenues changes. Refining cost management, implemented vary measures of cost decreasing and benefit increasing. Continuous improved operation management for the system, completed works after declaration of the high-tech enterprise. Seriously carried out QC activities, improved quality management standards of the Company. Intensify market management functions, further to expand application of IOA in the Company. Supporting for market management improvement by making use of the information technology tools of CRM and ERM. Reinforce research investment and management, focus on R&D benefits, improve the ability of plans, implementation, control and management for R&D of the industrial technology of headquarters. Intensified mechanism buildings and process organization for management system, gradually achieved a results of managing people by regulations and managing works by process, particularly eyes on efficiency implementation of the system and improve operation benefits.

(III) Push forward building of internal control system, improve risk management and control ability and legal operation standards. Comprehensively promote the Company running according to law, continues to carry out auditing evaluation for internal control, strengthen internal audit supervision and efficiency supervision.

(IV) Enhance human resources quality and improve benefit per capita. Optimize labor costs, adjusted talent training pattern, improved a proportionally fair and relatively open-ness performance evaluation incentive system, avoid reasonably the major soaring in human costs.

(V) To strengthen Party building Part building and construction of enterprise's culture, to motivate the Company's operation development.

4. due to maintaining the current business and capital needed for investment projects under construction of the Company

In 2015, the Company satisfy self-operation needs and current capital requirement for the project construction via self-owned capital and reasonable financing from the bank loans, according to the management budget for year of 2015, it is estimated that the total bank financing amounted as RMB 500 million at most.

5. Risks we may face

Policy risk

Communications industry where the Company belongs was affected by macroeconomic conditions and economic cycles, industrial policy. From May 2012 "The Twelfth Five Year Plan" letter issued by the Ministry of communications industry, the nation gets plan to continue to accelerate next-generation national information infrastructure. If the future China's economic growth slowed down or the national macro-control policies on investment in infrastructure construction tightens, it will have a negative impact on the Company's business conditions.

Industry cyclical risk

The Company is mainly engaged in the manufacture and sale of communication products, one of several major suppliers of network construction for telecommunications operator. Construction period and confirmation and adjustment to investment programs could produce a significant impact on the Company, bringing industry cyclical risks.

Pointed at investment structure adjustment by operators in recent year, part of the products of the Company has a demand reduction in the market, the Company will further to adjusted industrial structure, rapid up upgrading for the industry and improve profitability and new industry exploitation ability.

The risk of market competition

Our industry market is perfectly competitive, being more intense. With the recent centralized procurement, reverse bidding, more obvious competitive market pressures turns out, thus the Company's profitability is limited.

The Company will continue to strengthen cost control, strive to costs of design, purchasing and human resources; at the same time, constantly improving research and development, technology and production ability, drive the new products growth rapidly, maintains and improve profitability.

The risk of higher asset-liability ratio

With growth of scale of the Company, capital needs expand, asset-liability ratio maintains at a high level in recent years, the Company is confronted with major pressure of repaying debts and financial costs, further business development of the Company in the future are likely to being restricted.

The Company will strengthen payment system management, plan as a whole for capital supply and demands, guarantee a dynamic equilibrium for the cash flows.

X. Explanation of the Board of Directors and the Board of Supervisors on the “Qualified Opinion” of the report made by the CPAs

Applicable Not applicable

XI. Explanation on changes of accounting policy, accounting estimation and settlement method compared with the last year's financial report

Applicable Not applicable

The accounting policy changed for the Company in the Period.

(1) Contents and reasons of the change in accounting policy

The Company conducted the followed regulations as "Accounting Standards for Business Enterprises No. 39 - Fair Value Measurements", "Accounting Standards for Business Enterprises No. 40 - Joint Venture Arrangement", "Accounting Standards for Business Enterprises No. 41 - Disclosure of Interests in Other Entities" and the revised "Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investments", "Accounting Standards for Business Enterprises No. 9 - Employee Remuneration", "Accounting Standards for Business Enterprises No. 30 - Presentation of Financial Statements" and "Accounting Standards for Business Enterprises No. 33 - Consolidated Financial Statements" that formulated by Ministry of Finance in 2014 since July 1st 2014, meanwhile, used the "Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments" revised in 2014 by Ministry of Finance in financial statement of the Company.

The accounting policy change has been deliberated and approved by 23rd meeting of 6th session of the Board.

(2) Report items and amount in significant influence

Report items in significant influence	Amount in influence	Note
Balance sheet items on 31 December 2013		
Available for sale financial assets	741,953.00	
Long-term equity investment	-741,953.00	

XII. Particular about major accounting errors correction that needs retroactive re-statement in reporting period

Applicable Not applicable

No major accounting errors correction occurred in reporting period.

XIII. Compare with last year's financial report; explain changes in consolidation statement's scope

Applicable Not applicable

In reporting period, Nanjing Putian Datang Information Electronics Co., Ltd. was included in consolidated scope for:

The Company holds 40 percent equity of Nanjing Putian Datang Information Electronics Co., Ltd. In May 2014, the Company entered into an Agreement of Entrusted to Exercise the Voting Right with shareholder of Nanjing Putian Datang Information Electronics Co., Ltd. – Yan Yaoming. Shareholder Yan Yaoming holds 21 percent voting ratio of Nanjing Putian Datang Information Electronics Co., Ltd., than the Company shall be exercised on his behalf. The Agreement valid during period of existence of Nanjing Putian Datang Information Electronics Co., Ltd., and the Company holds 61 percent voting rights ratio during the period of existence under the name of Nanjing Putian Datang Information Electronics Co., Ltd.

XIV. Profit and dividend distribution

Formulation, implementation or adjustment for profit distribution policy, in reporting period

Applicable Not applicable

In the latest 3 years (including the reporting period) the profit distribution plan or scheme and capital reserve plans or schemes

In the latest three years, because of accumulated losses of the previous year has not been completely made up, the Company does not have condition of the articles of association ruling distribution of profits, so the Company did not distribute profits or capital reserve.

Particulars about the cash bonus of the Company in previous three years

In RMB

Year for bonus distribution	Amount of cash bonus (tax included)	Net profit attributable to shareholders of listed company in consolidated statement of bonus year	Ratio of net profit attributable to shareholders of listed company in consolidated statement	Amount reckoned into cash bonus from cash repurchase	Proportion of the amount reckoned into cash bonus from cash repurchase
2014	0.00	-18,976,543.88	0.00%	0.00	0.00%
2013	0.00	4,898,647.91	0.00%	0.00	0.00%
2012	0.00	5,535,230.52	0.00%	0.00	0.00%

Cash dividend distribution plan was not proffered that the company profited and parent company's undistributed profits were positive in the reporting

Applicable Not applicable

XV. Profit distribution and plan of capitalization from capital public reserve

Applicable Not applicable

The Company has no plans of cash dividend distributed, no bonus shares and has no share converted from capital reserve either for the year

XVI. Social responsibility

Applicable Not applicable

Base on communications industry, the Company insist on independent innovation, promote a sustainable development of the industry, actively concentrate on management and practice of corporate social responsibility, protected legal rights of shareholders, employees, consumers and other relevant person with equity concerned integrity, and made it the Company's mission to seeking comprehensive value of society, economy and environment.

Proactively maintenance equity of the whole shareholders, strictly in line with regulations and requirement of Article of Association and Rules of Debate for General Meeting, standardized the convening, holding for the general meeting as well as the decision-making procedures, ensuring the voting rights on important events for shareholders; earnestly implemented information disclosure duties, treats the all shareholders fair-ness, open-ness and fairly, guarantee a legitimate interest of the shareholders, minority shareholders in particular.

The Company pay high attention on health management of the quality, environment and occupational safety, passed the Quality System of GB/T19001-2000 and GB/T24001-2004 environmental management system certification and GB/T28001-1996 national occupational safety and health management system certification, and push for continuous progress of environment protection and sustainable development. In 2014, the Company continuous improve the technological process, strengthen work-site supervision for routine works, principal pollutant was discharged in line with the standard requirements of State environmental protection, construction and operation of the enterprise's environmental protection facilities runs normally. The Company pass the external review of environmental system in 2014, take part in the environmental liability insurance, and gains the law-abiding identification of enterprise's environmental behavior issued by environmental protection department.

The Company highly value employee's value, adhere to the corporate culture core with "communication, execution and performance", adhere to people-oriented, follow close to the line of every laws and provisions of Labor Laws, unceasingly consummates remuneration and welfare system, actively carry out training activities for the employees, raise the staff quality, eyes on career development and living quality for employees, and is committed to achieved growing together with the employees.

The Company fully respect legal interest of suppliers, clients, banks etc. and other stakeholders, honesty and trustworthiness and legal operation, standard operation, and enthusiastically supporting social and public welfare undertakings, build up favorable corporate images, encourage the Company develop in a healthy, stable and sustainable way.

The listed company and subsidiaries is in the range of heavy pollution industry that regulated by State environment protection departments

Yes No Not applicable

The listed company and subsidiaries owes other major social safety issues

Yes No Not applicable

Administrative penalty occurred in reporting period

Yes No Not applicable

XVII. In the report period, reception of research, communication and interview

Applicable Not applicable

Time	Place	Way	Type	Reception	Contents discussed and material provided
2014-09-09	The Company	Field research	Personal	Mr. Hu	Products of the Company and the market prospect, with no written information

					provided.
Reception (times)					1
Number of hospitality					0
Number of individual reception					1
Number of other reception					0
Disclosed, released or let out major undisclosed information			No		

Section V. Important Events

I. Significant lawsuits and arbitrations of the Company

Applicable Not applicable

The Company was not involved in any significant lawsuit or arbitration in the annual.

II. Questioned from media

Applicable Not applicable

No media questioned for the Company in reporting period.

III. Non-operational fund occupation by controlling shareholders and its related party of the listed company

Applicable Not applicable

The Company has no non-operational fund occupation by controlling shareholders and its related party of listed company in Period

IV. Bankruptcy reorganization

Applicable Not applicable

In the reporting, the Company has no events of bankruptcy reorganization.

V. Trade of assets

1. Purchase of assets

Applicable Not applicable

No assets purchased by the Company in Period

2. Sales of assets

Applicable Not applicable

No assets sold by the Company in Period

3. Enterprise merger

Applicable Not applicable

The Company has no enterprise merger in the Period

VI. Implementation of the Company's equity incentive and the effects

Applicable Not applicable

The Company has no plan of equity incentive and its implementation in the Period

VII. Significant related transaction

1. Related transaction connected to routine operations

√ Applicable □ Not applicable

Related transaction parties	Related relationship	Related transaction type	Related transaction content	Pricing principle	Dealing price	Trading amount (in 10 thousand Yuan)	Proportion in the amount of the same transaction (%)	Means of payments	Market price of similar transaction available	Date of disclosure	Index of disclosure
SEI-Nanjing Putian Optical Network	A company with shares owned by the Company, Director of the Company hold additional post as Director	Purchase product	Telecom product	Market price		2,578.70	1.74%	Bank transfer			
Nanjing Putian Honyar Electrical Technology Co., Ltd.	Controlling shareholder's subsidiary	Purchase product	Telecom product	Market price		108.55	0.07%	Bank transfer		2014-3-11	"Estimated Routine Related Transactions for year of 2014" Juchao website
Potevio Institute of Technology Co., Ltd.	Controlling shareholder's subsidiary	Sales of product	Telecom product	Market price		415.86	0.18%	Bank transfer			
China Potevio	Controlling shareholder	Sales of product	Telecom product	Market price		3,315.59	1.45%	Bank transfer			

Beijing PuTian TaiLi Telecom municatio ns Technolo gy Co., Ltd.	Controllin g sharehold er's subsidiary	Sales of product	Telecom product	Market price		70.16	0.03%	Bank transfer	
Potevio Telecom municatio n Company Limited	Controllin g sharehold er's subsidiary	Sales of product	Telecom product	Market price		36.11	0.02%	Bank transfer	
Hangzhou Hongyan Dongbei Optical & Electric Techonol oy Company Ltd.	Controllin g sharehold er's subsidiary	Sales of product	Telecom product	Market price		2.63	0.00%	Bank transfer	
Shanghai Potevio Network Technolo gy Company Ltd.	Controllin g sharehold er's subsidiary	Sales of product	Telecom product	Market price		23.77	0.01%	Bank transfer	
SEI-Nanji ng Putian Optical Network	A company with shares owed by the Company, Director of the Company hold additional	Rent out	Collect the rent	Market price		55	100.00%	Bank transfer	

	post as Director									
Potevio Hi-Tech Industry Co., Ltd.	Controlling shareholder's subsidiary ; A company with shares owned by the Company, senior executive of the Company hold additional post as Director	Tenant	Rent and property fee	Market price		1,267.30	100.00%	Bank transfer		
Total				--	--	7,873.67	--	--	--	--
Details of major sold-out order sent back				N/A						
Necessity and sustainable of related transaction as well as reasons of related transaction with related parties(not with other marketing dealers)				(1)The related party provided whole solutions, which based on customer requirements and both purchased combining communication productions from some brand and non-self-operation; (2)To widen the marketing channel, the Company used controlling shareholder's platform to participate in some great customers' purchase projects and constitute a related transaction while in settlement; (3)the Company has product sales and purchased with the enterprise who's shares are held by the Company due to internal industry planning and orientation; (4)The Company rented land and buildings from related party for purpose of production and works. Related transactions occurred with the normal requirements of production and operation, which could make full use of related parties' resources and advantages to satisfy the requirements of producing and operating, helping to Company's resources' optimal allocation and improve operating efficiency.						
Influence on independence of listed company from related transaction				The Company had independent management ability. The related transaction above mentioned shows no impact on the independence of the Company						
The Company's degree of dependence on related party and related countermeasures (if applicable)				Amount of related transaction takes minor ratio in operation revenue of the Company or costs; there is no major dependence on related parties.						
The actual implementation of routine				At beginning of the year, the Company made a prediction about routine related						

related transactions that is about to occurred in the Period with total amount estimated by category (if applicable)	transactions for year of 2014, total amount estimated less than RMB313 million, (of which amount from sales of products to related parties was RMB 157 million at most, amount purchasing products from related parties was RMB 142 million at most, house rent and property fee paid to related parties as RMB 140 million at most). Total routine related transactions amount actually occurred in 2014 was RMB78.7367 million, (including RMB 38.6413 million from selling products to related parties, RMB 26.8724 million from purchasing product from related parties and RMB 12.6730 million from rent and property fee charged, RMB 0.55million for rent fee paid), no more than the amount estimated.
Reason for the great difference between trade price and market reference price (if applicable)	Not applicable

2. Related transactions by assets acquisition and sold

Applicable Not applicable

No related transactions by assets acquisition and sold occurred in the Period

3. Major related transactions of mutual outward investment

Applicable Not applicable

The Company has no major related transactions of mutual outward investment in the Period

4. Contact of related credit and debt

Applicable Not applicable

Whether has non-operating contact of related credit and debt or not

Yes No

The Company has no non-operating contact of related credit and debt in the Period

5. Other significant related transactions

Applicable Not applicable

As of reporting period, 49.64 percent equity of Ptevio Hi-Tech Industry Co., Ltd held by the Company was pledged to China Potevio, controlling shareholder of the Company, as a counter-guarantee for RMB 84 million loans for the Company.

In reprotng period, the Company offer a loan gurantee of RMB 1.21 million based on the ratio of investments for SEI-Nanjing Putian Optical Network, a subordinate joint venture of the Company, and the guarantee has released at end of the Period

Found more in Section V.-VIII-2. Guarantee

Website for temporary disclosure of the related transaction

Announcement	Date of disclosure	Website for disclosure
"Notice of Counter-guarantee Offer to Controlling Shareholder of the Company"	2010-08-25	Juchao Website
"Notice of Guarantee Offer to Enterprise	2013-07-16	Juchao Website

whose Shares are Hold by the Company”		
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VIII. Significant Contracts and its performance

1. Trust, contracting and lease

(1) Trust

Applicable Not applicable

The Company has no trust in the Period

(2) Contract

Applicable Not applicable

The Company has no contract in the Period

(3) Leasing

Applicable Not applicable

Explanation on leasing

In reporting period, the Company rented lands and property from Ptevio Hi-Tech Industry Co., Ltd for purpose of production and office, RMB 10.316 million rent was paid for year of 2014. Subsidiary Nanjing Putian Datang Information Electronics Co., Ltd. rent out properties to SEI-Nanjing Putian Optical Network, which shares hold by the Company, with rent of RMB 0.55 million.

Items generated over 10% gains/losses in total profit in reporting period for the Company

Applicable Not applicable

Contract-out party	Lessee	Assets leasing	Amount involved in leasing(in 10 thousand Yuan)	Leasing date from	Leasing end at	Leasing profit (in 10 thousand Yuan)	Determine basis for leasing profit	Influence on the Company	Consist of related transaction or not	Related relationship
Potevio Hi-Tech Industry Co., Ltd.	Nanjing Putian Telecommunications Co., Ltd.	House & building	3,667.14	2014-01-01	2014-12-31	-1,031.6	Market price	The land under the related transactions agreement was the office and production location of the	Y	Controlling shareholder's subsidiary; senior executive of the Company hold additional

								Company, the related transaction benefit to guarantee the normal operation development of the Company. Rent in reporting period was RMB 10.316 million		post as Director(a n enterprise with shares held by the Company)
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2. Guarantee

√ Applicable □ Not applicable

In ten thousand Yuan

Guarantee offered by the Company(excluding the guarantee offered to the subsidiaries)								
Name of the debtor	Relevant notice disclosure date	Guaranty limit	Happening Date (the date when the guaranty agreement was signed)	Actual guarantee amount	Type of guaranty	Term of guaranty	Completed (Y/N)	Guaranty offered to a related party (Y/N)
China Potevio	2010-08-25	8,400	2010-09-19	8,400	Pledge	Till relevant loans guarantee by China Potevio were paid clearly since September 2010 (Note: a counter-guarantee offer to China Potevio from the	N	Y

						Company)		
SEI-Nanjing Putian Optical Network	2013-07-16	1,500	2013-08-13	19	Jointly liability guaranty	2014.1.15-2014.6.13	Y	Y
SEI-Nanjing Putian Optical Network	2013-07-16	1,500	2013-08-13	102	Jointly liability guaranty	2014.1.22-2014.7.22	Y	Y
Total amount of external guarantee limit approved during the report period(A1)				0	Total actual amount of external guarantee during the report period(A2)			121
Total amount of external guarantee limit approved at period-end(A3)				8,400	Total actual amount of external guarantee at period-end(A4)			8,400
Guaranty offered to the subsidiaries								
Name of the debtor	Relevant notice disclosure date	Guaranty limit	Happening Date (the date when the guaranty agreement was signed)	Actual guarantee amount	Type of guaranty	Term of guaranty	Completed (Y/N)	Guaranty offered to a related party (Y/N)
Nanjing Southern Telecommunication Co., Ltd.	2013-03-26	6,000	2014-01-13	2,000	Jointly liability guaranty	2014.1.13-2014.12.31	Y	N
Nanjing Southern Telecommunication Co., Ltd.	2014-03-11	6,000	2014-11-26	2,000	Jointly liability guaranty	2014.11.27-2015.11.24	N	N
Nanjing Putian Intelligent Building Ltd.	2014-03-11	2,000	2014-09-23	1,000	Jointly liability guaranty	2014.9.23-2015.9.23	N	N
Nanjing Putian Intelligent Building Ltd.	2014-03-11	2,000	2014-0-23	1,000	Jointly liability guaranty	2014.9.25-2015.3.25	N	N
Total amount of guarantee limit approved for subsidiaries in the report period(B1)			8,000		Total actual amount of guarantee limit for subsidiaries in the report period(B2)			6,000
Total amount of guarantee limit approved for subsidiaries at period-end(B3)			8,000		Total actual amount of guarantee limit for subsidiaries at period-end(B4)			4,000
Total guarantee of the Company (Including the above mentioned guarantees)								

Total amount of guarantee limit approved in the report period(A1+B1)	8,000	Total amount of guarantee in the report period(A2+B2)	6,121
Total amount of guarantee limit approved at period-end(A3+B3)	16,400	Total actual amount of guarantee at period-end(A4+B4)	12,400
The proportion of the total actual amount of guarantee in the net assets of the Company (A4+B4)			34.05%
Including:			
Amount of guarantee for shareholders, actual controller and its related parties(C)			8,400
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly(D)			2,000
Proportion of total amount of guarantee in net assets of the Company exceed 50%(E)			0
Total amount of the aforesaid three guarantees(C+D+E)			10,400
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees (if applicable)		Not applicable	
Explanation on guarantee provided outside against regulations (if applicable)		Not applicable	

Explanation on guarantee with way of complex

(1) Guarantee provided against regulations

Applicable Not applicable

The Company has no guarantee provided against regulations in the Period

3. Other significant contract

Applicable Not applicable

The Company has no other significant contract in the Period

4. Other significant transactions

Applicable Not applicable

The Company has no other significant transaction in the Period

IX. Implementation of commitments

1. Commitments from the Company or shareholders (with over 5% shares held) in or continued to reporting period

Applicable Not applicable

The Company has no commitments from the Company or shareholders (with over 5% shares held) in or continued to reporting period

2. Concerning assts or project of the Company, which has profit forecast, and reporting period still in forecasting period, explain reasons of reaching the original profit forecast

Applicable Not applicable

X. Appointment and non-reappointment (dismissal) of CPA

Accounting firm appointed

Name of domestic accounting firm	Pan-China Certified Public Accountants (LLP)
Remuneration for domestic accounting firm (in 10 thousand Yuan)	91
Continuous life of auditing service for domestic accounting firm	1
Name of domestic CPA	He Jiangxing, Wang Shuaijun

Whether re-appointed accounting firms in this period or not

Y N

Whether re-appointed accounting firms in auditing period or not

Y N

Whether implemented approval procedures while re-appointed accounting firms or not

Y N

Explanation on re-appointed and change the CPA

According to the public bidding result, during the Period, being deliberated and approved by the Board and General Meeting, Pan-China Certified Public Accountants (LLP) was appointed as the financial auditing and internal control audit organ for year of 2014, the PKF Daxin Certified Public Accountants LLP appointed in 2013 no longer in service while term expire

Appointment of internal control auditing accounting firm, financial consultant or sponsor

Applicable Not applicable

Pan-China Certified Public Accountants (LLP) was engaged as audit institute of internal control for the Company in this year, auditing fee for internal control was RMB 0.32 million.

XI. Explanation from Supervisory Committee and Independent Directors (if applicable) for “Qualified Opinion” from the CPA

Applicable Not applicable

XII. Penalty and rectification

Applicable Not applicable

The Company has no penalty and rectification in Period

XIII. Particular about suspended and delisting after annual report disclosed

Applicable Not applicable

IX. Other material events

Applicable Not applicable

Index of the material events that disclosed in reporting period:

Event	Disclosure date	Index of information on appointed website
Announcement of Progress of Transfer Equity of Joint Stock Company	2014.1.29	Juchao Website: www.cninfo.com.cn
Resolution of 17th Meeting of 6th Session of the Board	2014.3.11	Juchao Website: www.cninfo.com.cn
Resolution of 8th Meeting of 6th Session of Supervisory Committee	2014.3.11	Juchao Website: www.cninfo.com.cn
Notice of Annual General Meeting 2013	2014.3.11	Juchao Website: www.cninfo.com.cn
Summary of annual report of 2013	2014.3.11	Juchao Website: www.cninfo.com.cn
Notice of provision for the devaluation of assets for year of 2013	2014.3.11	Juchao Website: www.cninfo.com.cn
Estimation of Routine Related Transaction for year of 2014	2014.3.11	Juchao Website: www.cninfo.com.cn
Guarantee offer to controlling subsidiary	2014.3.11	Juchao Website: www.cninfo.com.cn
Performance Forecast for 1Q of 2014	2014.4.12	Juchao Website: www.cninfo.com.cn
Resolution of annual general meeting of 2013	2014.4.19	Juchao Website: www.cninfo.com.cn
Text of 1Q Report of 2014	2014.4.29	Juchao Website: www.cninfo.com.cn
Resolution of 19th Meeting of 6th Session of the Board	2014.6.12	Juchao Website: www.cninfo.com.cn
Convening 1st extraordinary general meeting of 2014	2014.6.12	Juchao Website: www.cninfo.com.cn
Commitment Implementation of the Company and Related Bodies	2014.6.30	Juchao Website: www.cninfo.com.cn
Resolution of 1st extraordinary general meeting of 2014	2014.7.3	Juchao Website: www.cninfo.com.cn
Performance Forecast for Semi-Annual of 2014	2014.7.15	Juchao Website: www.cninfo.com.cn
Resolution of 20th Meeting of 6th Session of the Board	2014.8.26	Juchao Website: www.cninfo.com.cn
Summary of Semi-Annual Report 2014	2014.8.26	Juchao Website: www.cninfo.com.cn
Resolution of 21st Meeting of 6th Session of the Board	2014.10.11	Juchao Website: www.cninfo.com.cn
Convening 2nd extraordinary general meeting of 2014	2014.10.11	Juchao Website: www.cninfo.com.cn
Performance Forecast for 3Q of 2014	2014.10.14	Juchao Website: www.cninfo.com.cn

Text of 3Q Report of 2014	2014.10.22	Juchao Website: www.cninfo.com.cn
Informed Notice of Convening 2nd extraordinary general meeting of 2014	2014.10.23	Juchao Website: www.cninfo.com.cn
Resolution of 2nd extraordinary general meeting of 2014	2014.11.1	Juchao Website: www.cninfo.com.cn
Notice of Independent director Resignation	2014.11.18	Juchao Website: www.cninfo.com.cn
Resolution of 23rd Meeting of 6th Session of the Board	2014.12.13	Juchao Website: www.cninfo.com.cn
Resolution of 12th Meeting of 6th Session of Supervisory Committee	2014.12.13	Juchao Website: www.cninfo.com.cn
Notice of Accounting Policy Changed	2014.12.13	Juchao Website: www.cninfo.com.cn

XV. Significant events of the subsidiaries

Applicable Not applicable

XVI. Corporate bond offering

Applicable Not applicable

Section VI. Changes in Shares and Particulars about Shareholders

I. Changes in Share Capital

In Share

1. Changes in Share Capital

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Amount	Proportion
I. Unlisted shares	115,000,000	53.49%						115,000,000	53.49%
1. Sponsor's shares	115,000,000	53.49%						115,000,000	53.49%
Including: state-owned shares	115,000,000	53.49%						115,000,000	53.49%
II. Listed shares	100,000,000	46.51%						100,000,000	46.51%
2. Domestically listed foreign shares	100,000,000	46.51%						100,000,000	46.51%
III. Total shares	215,000,000	100.00%						215,000,000	100.00%

Reasons for share changed

Applicable Not applicable

Approval of share changed

Applicable Not applicable

Ownership transfer of share changed

Applicable Not applicable

Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to common shareholders of Company in latest year and period

Applicable Not applicable

Other information necessary to disclose for the Company or need to disclosed under requirement from security regulators

Applicable Not applicable

2. Changes of restricted shares

Applicable Not applicable

II. Security offering and listing

1. Previous security offering in latest three years at period-end

Applicable Not applicable

2. Explanation on changes of total shares and shareholders structure as well as changes of structure of assets and liability

Applicable Not applicable

3. Internal staff shares

Applicable Not applicable

III. Particulars about shareholder and actual controller of the Company

1. Amount of shareholders of the Company and particulars about shares holding

In Share

Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total shareholders at the end of report period	Changes in report period	Amount of un-listed shares held	Amount of listed shares held	Number of share pledged/frozen	
							State of share	Amount
Total common shareholders in reporting period-end		11,941	Total common shareholders ended as the 5 th trading day before annual report disclosed		12,002	Total preference shareholders with voting rights recovered at end of reporting period (if applicable) (see note8)		0
Particulars about shares held above 5% by shareholders or top 10 shareholding								
China Potevio	State-owned corporation	53.49%	115,000,000	0	115,000,000			
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign corporation	2.38%	5,116,553	-2,561,041		5,116,553		
Shanghai H.K. Wanguo Security	Foreign corporation	1.88%	4,034,649	-818,351		4,034,649		
Zhang Huai'an	Domestic nature	1.12%	2,400,000	Un-know		2,400,000		

	person			n			
Sun Huiming	Domestic nature person	0.93%	1,998,510	279,900		1,998,510	
LI LEON ZHAN WEI	Foreign nature person	0.74%	1,598,689	Un-known		1,598,689	
Chen Qiang	Foreign nature person	0.61%	1,301,300	Un-known		1,301,300	
YAO XIU GUANG	Foreign nature person	0.49%	1,048,196	Un-known		1,048,196	
Zheng Enyue	Domestic nature person	0.47%	1,020,734	Un-known		1,020,734	
Gao Lingyun	Domestic nature person	0.47%	1,000,000	Un-known		1,000,000	
Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if applicable) (see note3)	N/A						
Explanation on associated relationship among the aforesaid shareholders	Among the top ten shareholders, China Potevio is neither a related party nor a person acting in concert with the others. It's unknown by the Company whether there are related parties or persons acting in concert among the other shareholders.						
Top 10 shareholders with circulation shares held							
Shareholders' name	Amount of listed shares held at end of the Period	Type of shares					
		Type	Amount				
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	5,116,553	Domestically listed foreign shares					
Shanghai H.K. Wanguo Security	4,034,649	Domestically listed foreign shares					
Zhang Huai'an	2,400,000	Domestically listed foreign shares					
Sun Huiming	1,998,510	Domestically listed foreign shares					
LI LEON ZHAN WEI	1,598,689	Domestically listed foreign shares					
Chen Qiang	1,301,300	Domestically					

		listed foreign shares	
YAO XIU GUANG	1,048,196	Domestically listed foreign shares	
Zheng Enyue	1,020,734	Domestically listed foreign shares	
Gao Lingyun	1,000,000	Domestically listed foreign shares	
Gu Jinhua	731,615	Domestically listed foreign shares	
Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	The Company is unknown whether there exists associated relationship or belongs to consistent actor among the above said shareholders.		
Explanation on top 10 shareholders involving margin business (if applicable)(see note4)	N/A		

Whether top ten common shareholders or top ten common shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period

Yes No

The top ten common shareholders or top ten common shareholders with un-restrict shares held of the Company have no buy-back agreement dealing in reporting period.

2. Controlling shareholder of the Company

Corporation

Controlling shareholder	Legal rep./person in charge of unit	Date established	Organization code	Register capital	Main business
China Potevio	Xing Wei	2003-07-23	71093155-5	RMB1903.05 million	China Potevio is a large central enterprise under direct administration of State-owned Assets Supervision and Administration Commission of the State

					Council, focusing on manufacture and trading of information telecommunication products, relevant technology research and services. The operation scope covers information telecommunication, broadcasting, industrial information, financial electrics and new energy.
Future development strategy	Based on information telecommunication products and services, to strengthen and optimize telecommunication industry, industry information, broadcasting, financial electrics and new energy. To reinforce R&D and application of key technology as integration, and keep the leading position in fields of electric power auto power system operation and application of network. For the prospect of “to build China Potevio as such large-scale company with independent intellectual property, famous brand and strong international competitiveness”, it implements the strategy of independent innovation and transformation & upgrade in respect of industry development, and the strategy of value management, industry chain synergy and internationalization in respect of operation management.				
Shareholding of controlling shareholder in other domestic and overseas listed companies during the reporting period	Domestic and overseas listed companies directly controlled includes Shanghai Putian Youtong Technology Co., Ltd., Nanjing Putian Telecommunications Co., Ltd., Chengdu Potevio Cable Co., Ltd.; Domestic and overseas listed companies indirectly controlled includes Eastern Communications Co., Ltd., Eastcompeace Smart Card Co., Ltd., the Company takes no stake in domestic and overseas listed company				

Changes of controlling shareholder in reporting period

Applicable Not applicable

Controlling shareholder of the Company has no changed in the Period

3. Actual controller of the Company

Corporation

Actual controller	Legal rep./person in charge of unit	Date established	Organization code	Register capital	Main business
China Putian Corporation	Xing Wei	1980-03-29	10000157-X	RMB 3086.94 million	A large central enterprise under direct administration of State-owned Assets Supervision and Administration Commission of the State Council,

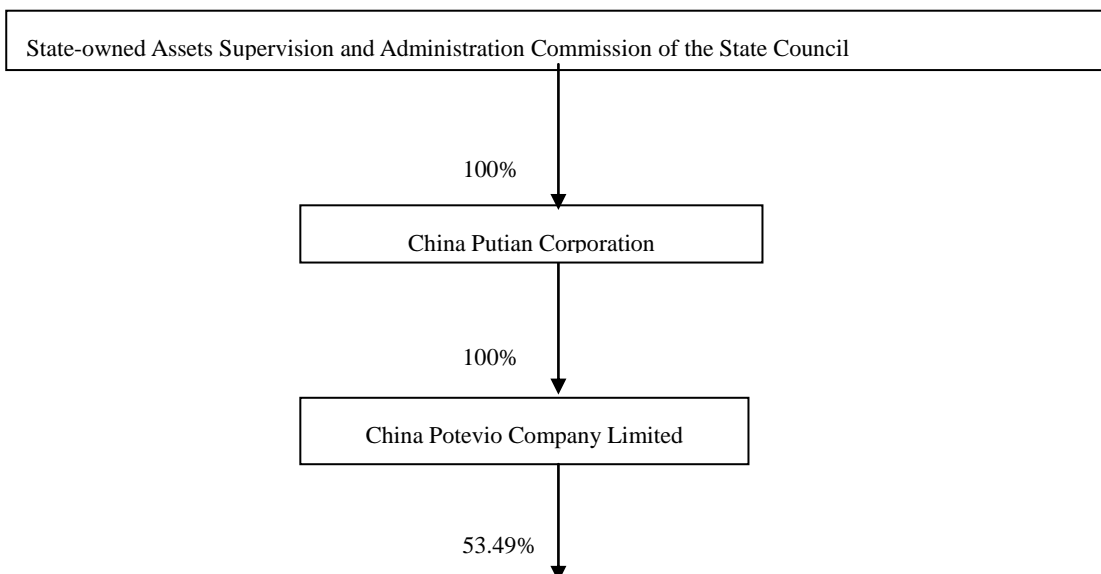
					focusing on manufacture and trading of information telecommunication products, relevant technology research and services. The operation scope covers information telecommunication, broadcasting, industrial information, financial electrics and new energy.
Future development strategy	Based on information telecommunication products and services, to strengthen and optimize telecommunication industry, industry information, broadcasting, financial electrics and new energy. To reinforce R&D and application of key technology as integration, and keep the leading position in fields of electric power auto power system operation and application of network. For the prospect of “to build China Potevio as such large-scale company with independent intellectual property, famous brand and strong international competitiveness”, it implements the strategy of independent innovation and transformation & upgrade in respect of industry development, and the strategy of value management, industry chain synergy and internationalization in respect of operation management.				
Shareholding of actual controller in other domestic and overseas listed companies during the reporting period	No domestic and overseas listed company directly controlled and held by the company. Domestic and overseas listed company indirectly controlled by China Potevio Stock includes Shanghai Putian Youtong Technology Co., Ltd., Nanjing Putian Telecommunications Co., Ltd., Chengdu Putian Telecommunications Cable Co., Ltd, Eastern Communications Co., Ltd. and Eastcompeace Smart Card Co., Ltd.				

Changes of actual controllers in reporting period

Applicable Not applicable

Actual controllers of the Company has no changed in reporting period

Property right and controlling relationship between the actual controller and the Company is as follow:



Nanjing Putian Telecommunications Co., Ltd.

Actual controller controlling the Company by entrust or other assets management

Applicable Not applicable

4. Particulars about other legal person shareholders with over 10% shares held

Applicable Not applicable

IV. Share holding increasing plan proposed or implemented in reporting period from shareholder of the Company and its concerted action person

Applicable Not applicable

As for as the Company know, there are no share holding increasing plan proposed or implemented in Period from shareholders of the Company and its concerted action person

Section VII. Preferred Stock

Applicable Not applicable

The Company had no preferred stock in the reporting.

Section VIII. Particulars about Directors, Supervisors, Senior

Executives and Employees

I. Changes of shares held by directors, supervisors and senior executives

Name	Title	Working status	Sex	Age	Start dated of office term	End date of office term	Shares held at period-beg in (Share)	Shares holding increased in the Period (Share)	Shares holding decreased in the Period (Share)	Shares held at period-end (Share)
Xu Qian	Director (Chairman)	Currently in office	M	52	2013-08-23	2015-05-17	0	0	0	0
Wang Hong	Director (Vice Chairman), GM	Currently in office	F	48	2012-05-17	2015-05-17	0	0	0	0
Li Tong	Director	Currently in office	M	44	2012-05-17	2015-05-17	0	0	0	0
Han Shu	Director	Currently in office	M	51	2012-05-17	2015-05-17	0	0	0	0
Li Ying	Director	Currently in office	F	48	2012-05-17	2015-05-17	0	0	0	0
Huang Haodong	Director	Currently in office	M	41	2012-05-17	2015-05-17	0	0	0	0
Zhang Shunyi	Independent director	Currently in office	M	70	2012-05-17	2015-05-17	0	0	0	0
Zheng Aimei	Independent director	Currently in office	F	67	2012-05-17	2015-05-17	0	0	0	0
Ding Haiyan	Independent director	Currently in office	M	58	2012-05-17	2015-05-17	0	0	0	0
Yang Zhihe	Supervisor (Chairman of the Supervisory)	Currently in office	M	62	2012-05-17	2015-05-17	0	0	0	0

	Committee)									
Tang Di	Supervisor	Currently in office	F	38	2012-05-1 7	2015-05-1 7	0	0	0	0
Liu Xiaodong	Supervisor	Currently in office	F	43	2012-05-1 7	2015-05-1 7	0	0	0	0
Li Linzhen	Deputy GM	Currently in office	M	43	2014-10-1 0	2015-05-1 7	0	0	0	0
Zhang Shenwei	Deputy GM, Secretary of the Board	Currently in office	M	39	2012-05-1 7	2015-05-1 7	0	0	0	0
Lu Yongshu	Deputy GM	Currently in office	M	54	2012-05-1 7	2015-05-1 7	0	0	0	0
Shi Lian	Chief Accountant	Currently in office	M	42	2012-05-1 7	2015-05-1 7	0	0	0	0
Total	--	--	--	--	--	--	0	0	0	0

II. Post-holding

Major working experience of directors, supervisors and senior executive at the present in latest five years

Mr. Xu Qian, 52 years old, owes a graduate degree and joint the work in 1984. He has held position of engineer and deputy GM of communication device department in China P&T Appliances respectively, GM and deputy GM of China P&T Appliances Beijing Company, vice-secretary (secondment for getting experience) of CPC Lankao County Committee, Henan Province, GM assistant of China P&T Appliances, deputy GM of China P&T Appliances and deputy GM of China P&T Appliances Group; he served as members of the party group and deputy GM in China P&T Appliances Group from June 2003 to April 2009; acts as members of the party group and deputy GM in China Putian Corporation since April 2009, senior vice president (concurrently) of China Potevio Company Limited and GM (concurrently) of communications industry business from June 2009 to September 2014; senior vice president (concurrently) of China Potevio since June 2009; and Party Secretary of the Company since May 2013.

Mr. Xu Qian hold concurrent posts of Director and Chairman (Legal Representative) of Beijing Capitel Co., Ltd. since September 2010; take part time of Director and Chairman(Legal Representative) in Puxing Mobile Telecom Equipment Co., Ltd. since March 2011; a Director, Executive Director and member of executive committee in China Potevio Company Limited since May 2011; Chairman (Legal Representative) of Poteviogm since October 2012 and Director and President fo the Company since August 2013.

Ms. Wang Hong, 48 years old, bachelor degree, joined in work in 1989, once acted as office director of product R&D center of the Company and vice-general manager of Nanjing Southern Telecommunication Co., Ltd., held the post of general manager of Nanjing Southern Telecommunication Co., Ltd. from Apr., 2006 to Nov., 2012; held the post of assistant president of the Company from Nov., 2010 to Dec., 2011; and serves as general manager of the Company since Dec., 2011.

Ms. Wang Hong hold concurrent posts of Director and deputy chairman of the Company since May 2012.

Mr. Li Tong, 43 years old, bachelor degree, joined in work in 1993, once acted as the division head of enterprise management department, vice-general manager, deputy director of enterprise restructuring office, vice general manager of enterprise development department, and general manager of enterprise operation department I of China Putian Corporation, and vice general manager of enterprise development department, and general manager of enterprise operation department I of China Potevio Co, Ltd; held a post of the general manager of Nanjing Potevio Communication and Technology Industrial Park from Dec., 2007 to Dec., 2011; held a post of the deputy secretary of party committee and secretary of discipline inspection commission(August 2011) of the Company from May 2011 to December 2011; he has held a post of vice general manager of the Company from May 2011 to June 2013; and serves as secretary of the party committee of the Company from December 2011 to May 2013; act as GM of legal department for audit supervision in China Potevio Co, Ltd since May 2013.

Mr. Li Tong held a concurrent post of director of Putian Eastcom Communications Group Co., Ltd. from Aug., 2005 to Apr., 2009; held a concurrent post of director of Wuhan Putian Telecommunication Equipment Group Co., Ltd. from Apr., 2006 to Feb., 2008 and serves as director of the Company since May 2006; act as director of Chengdu Putian Telecommunications Cable Co., Ltd. from Aug., 2006 to Aug., 2009; director of Beijing Capitel Co., Ltd. from Aug., 2006 to Jan., 2008; director of Wuhan Putian Power Supply Co., Ltd. from Feb., 2007 to Feb., 2008; held a concurrent post of part-time supervisor(staff representative) of China Putian Corporation from May, 2007 to March 2010; director of Houma Putian Telecommunication Cable Co., Ltd. from Jun., 2007 to Sep., 2010; director of Shenzhen Putian Lingyun Electronics Co., Ltd. from Jul., 2007 to Feb., 2008; director of Hangzhou HONYAR Electrical Co., Ltd. from Aug., 2007 to June 2010; and has held a concurrent post successively of director, vice-president and president of Nanjing Putian Telecommunications Technology industrial Park Co., Ltd. since November 2007; he serves as Director of Potevio Peacetech Co., Ltd since November 2013.

Mr. Han Shu, 50 years old, master degree, joined in work in 1983, once acted as the technician of Xi'an Microwave Equipment Factory of Ministry of Posts and Telecommunications, engineer and deputy director of chief engineer office of branch of Xi'an Post and Telecommunication Equipment Factory, deputy director, director and secretary of the party committee of Xi'an Potevio Telecommunications Equipment Factory, and has held the post of vice general manager of communication business department and general manager of marketing department I of China Potevio Co., Ltd. from January 2009 to September 2014, and serves as GM of business department I of the China Potevio in September 2014.

Mr. Han Shu hold concurrent post of Director of the Company since May 2009.

Ms. Li Ying, 48 years old, bachelor degree, joined in work in 1989, once acted as engineer of technology development center and deputy director of technology management department of China Posts and Telecommunications Industry Corporation, deputy director and director of technology management department of China Potevio Information Industry Group Co., Ltd., vice general manager and manager of industry development department of Potevio Institute of Technology Co., Ltd., and general manager of integrated management division of system business department and vice general manager of system business department of China Potevio Co., Ltd., held a post of vice general manager of communication industry business department and general manager of communication industry business division of integrated management department of China Potevio Co., Ltd. from December 2007 to December 2010, she served as general manager of HR department of China Potevio Co., Ltd. since December 2010, and a manager of HR department of China Potevio Corporation since December 2011.

Ms. Li Ying serves as Director of Beijing Capitel Co., Ltd. since January 2008 a director of the Company since June 2011, director of Shanghai Putian Youtong Technology Co., Ltd since June 2012 and Director of Poteviogm Company since October 2012; serves as Director of Putian Peace Technology Co., Ltd since November 2013.

Mr. Huang Haodong, 40 years old, doctor degree, joined in work in 2001, once acted as project manager of R&D department and industry development department of Potevio Institute of Technology Co., Ltd., manager of special project for exchange of system business division and soft exchange of product department, and vice general manager of wide band product department of China Potevio Co., Ltd., he has successively held a post of vice general manager of broadcasting and TV industry business department in China Potevio Co., Ltd. and vice general manager of broadcasting and TV business division and GM of marketing department, deputy GM of broadcasting and TV industry and GM of system integration department and GM of audio system department from December 2007 to September 2014; and serves as GM of the Business division V department of China Potevio since September 2014.

Independent director:

Mr. Zhang Shunyi, 70 years old, bachelor degree, joined in work in 1968. He acted as vice director of the overall unit workshop and computer plant in Taiyuan Radio 6th Factory, a deputy director, director and deputy chief of science& technology office of the image research (Dept. of Radio), computer office (communications engineering dept.) and computer principle section (Dept. of Computing) respectively in Nanjing Posts and Telecommunications College; and a director of information network research institute of Nanjing Posts and Telecommunications College as well as GM of Dept. of Communication Technology; he served as vice president of Nanjing University of Posts and Telecommunications from June 1996 to July 2006; acts as a professor in the Nanjing University of Posts and Telecommunications and Doctoral tutor, a leading scientist in the institute of information network technology of Nanjing University of Posts and Telecommunications and in the department of information network (doctoral and postgraduate), Nanjing University of Posts and Telecommunications, a director of Network & Communication Technology ERC of Jiangsu Province.

Mr. Zhang Shunyi serves as an independent director of the Company since May 2009.

Ms. Zheng Aimei, 67 years old, bachelor degree, joined in work in 1970. She acted as director of Taxation 2nd Office of Nanjing Taxation Bureau and deputy chief of Nanjiang Local Taxation Bureau; From April 2000 to September 2006, she served as the deputy chairman in Jiangsu Yianye Tax Agent Office, a director of Nanjiang TianyeTax Agent Office since September 2006.

Ms. Zheng Aime serves as an independent director of the Company since May 2009.

Mr. Ding Haiyan, 58 years old, doctor degree, joined in work in 1983, once acted as the doctoral tutor in Communication University of China (former Beijing Broadcasting Institute); he serves as vice-president of CUCN and doctoral tutor in Communication University of China from September 2004 to September 2014; serves as managing vice president of Hebei Institute of Communication College since March 2014.

Mr. Ding Haiyan holds concurrent post of independent director of the Company since August 2009.

Supervisor:

Mr. Yang Zhihe, 62 years old, bachelor degree, joined in work in 1969, once acted as the principle staff member of production division of machinery and electronics department, vice director of industry development division of machinery and electronics department, director of economic operation division of electronic industry department, director of information industry department, vice general manager of enterprise management department of China Potevio, general manager of enterprise management department, director of information industry, deputy director of enterprise restructuring office, the secretary of the party committee and agent of factory director of Guilin Potevio Telecom Equipment Factory; a deputy secretary of the party committee, secretary of commission and chairman of the labor union of Potevio Capitel Telecommunication Equipment Factory (Group) from May 2007 to March 2008;

he has held the post of general manager of auditing department of China Potevio Co., Ltd. since March 2008; and deputy team leader of the leading party group and discipline inspection group of China Putian Corporation since August 2011.

Mr. Yang Zhihe acted as supervisor and chairman of the supervisory committee of Chengdu Putian Telecommunications Cable Co., Ltd. from May 2008 to November 2011; supervisor and chairman of the supervisory committee of Hangzhou HONYAR Electrical Co., Ltd. from May 2008 to May 2011; supervisor and Chairman of the Supervisory Committee of the Company since June 2011.

Ms. Tang Li, 38 years old, doctor degree, joined in work in 2002, once acted as the legal specialist of the president's office, worked for China Potevio Information Industry Group Co., Ltd. from June 2006 to April 2008, presided over the legal affairs office of integrated management department; held the post of deputy manager of legal affairs office of integrated management department of China Potevio Co., Ltd. from May 2008 to May 2010; held the post of the manager of legal affairs office of integrated management department of China Potevio Co., Ltd. from May 2010 to October 2011; and has held the post of general manager assistant of audit department of China Potevio Co., Ltd. from November 2011 to May 2013; acts as deputy GM of Legal Dept. of Auditing & Supervisory of China Potevio Co., Ltd. since May 2013.

Ms. Tang Li holds concurrent post of director of Potevio Yintong Information and Technology Co., Ltd. since April 2010; and supervisor and chairman of supervisory committee of Potevio Peacetech Co., Ltd. since February 2012; she acts as supervisor of the Company since May 2012 and supervisor and chairman of supervisory committee of Hangzhou HONYAR Electrical Co., Ltd. since October 2012.

Ms. Liu Xiaodong, 43 years old, bachelor degree, joined in work in 1995, once acted as an account, auditor, deputy minister of audit department, and deputy minister of audit and supervision department, held the post of minister of audit and supervision department of the Company from April 2006 to March 2008, minister of audit department of the Company since March 2008, and has held the post of deputy secretary of commission of the Company since July 2007; she serves as a staff supervisor of the Company since May 2009.

Senior Executives:

Ms. Wang Hong: GM of the Company, resume has been introduced in "Director"

Mr. Li Linzhen, 43 years old, graduate equivalency, worked in 1995, and has served as labor union and league account director of the party work dept. in China Potevio, senior account director of labor union and league, deputy director of party work dept.; served as deputy chairman of labor union in China Potevio from June 2009 to September 2014; deputy secretary of Party Committee in China Potevio from March 2011 to September 2014 and serves as deputy GM of the Company since October 2014.

Mr. Li Linzhen serves as Directors of Shanghai Putian Youtong Technology Co., Ltd. since June 2012; and Director of Wuhan Putian Power Supply Co., Ltd. since October 2012.

Mr. Zhang Shenwei, 39 years old, bachelor degree, joined in work in 1999, once acted as an accountant of financial and securities department, director of president's office, minister of integrated management department and general manager of Nanjing Potevio Information and Technology Co., Ltd., and holds the post of secretary of the Board in the Company since November 2007; acted as general manager of wiring system department from February 2008 to March 2013; and has held the post of vice GM of the Company since December 2011.

Mr. Lu Yongshu, 54 years old, bachelor degree, joined in work in 1980, once acted as sales manager, workshop director, sales manager of wiring region, general manager of Potevio Hotel, general manager of Potevio canteen and general manager of building sales in branch company; he holds the post of general manager of the sales branch company of the Company since April 2002; acted as general manager of machinery manufacturing department of the Company from July 2005 to January 2006; acted as vice general manager of network cabinet division of the Company from January 2006 to November 2006; general manager of the international

business department of the Company and general manager of Potevio Communication (HK) Co., Ltd. since December 2007; served as assistant president of the Company from November 2010 to December 2011; and has held the post of vice-general manager of the Company since December 2011.

Mr. Shi Lian, 42 years old, master degree, joined in work in 1997, once acted as an accountant and vice minister of financial and securities department of the Company, and holds the post of minister of financial and securities department of the Company since May 2003; held the post of vice Chief accountant of the Company from December 2004 to September 2008; and has held the post of Chief accountant of the Company since September 2008.

Post-holding in shareholder's unit

√ Applicable □ Not applicable

Name	Name of shareholder's units	Position	Start dated of office term	End date of office term	Receiving remuneration from shareholder's units (Y/N)
Xu Qian	China Putian Corporation	Member of party group, Deputy GM	2009-04-09		N
Xu Qian	China Potevio	Senior vice-president	2009-06-03		Y
Xu Qian	China Potevio	Director, executive Director, member of executive committee	2011-05-19		Y
Li Tong	China Potevio	GM of legal dept. of auditing & supervisory	2013-05-22		Y
Han Shu	China Potevio	GM of Business Dept. I	2014-09-22		Y
Li Ying	China Potevio	GM of HR dept.	2010-12-16		Y
Li Ying	China Putian Corporation	GM of HR dept.	2011-12-22		N
Huang Haodong	China Potevio	GM of Business Dept. V	2014-09-22		Y

Yang Zhihe	China Putian Corporation	Deputy chief of Party and discipline inspection group	2011-08-15		N
Tang Di	China Potevio	Deputy GM of legal dept. of auditing & supervisory	2011-11-21		Y

Post-holding in other unit

√ Applicable □ Not applicable

Name	Name of other units	Position	Start dated of office term	End date of office term	Receiving remuneration from other units (Y/N)
Xu Qian	Beijing Capitel Co., Ltd.	Director, President(legal representative)	2010-09-22		N
Xu Qian	Puxing Mobile Telecom Equipment Co., Ltd.	Director, President(legal representative)	2011-03-19		N
Xu Qian	Poteviogm Co., Ltd	President(legal representative)	2012-10-06		N
Li Tong	Potevio Hi-Tech Industry Co., Ltd.	Director	2007-11-20		N
Li Tong	Putian Peace Technology Co., Ltd.	Director	2013-11-12		N
Li Ying	Beijing Capitel Co., Ltd.	Director	2008-01-08		N
Li Ying	Shanghai Putian Youtong Technology Co., Ltd.	Director	2012-06-22		N
Li Ying	Poteviogm Co., Ltd	Director	2012-10-01		N
Li Ying	Putian Peace Technology Co., Ltd.	Director	2013-11-12		N
Huang Haodong	National Engineering Lab. for Digital TV (Beijing)	Director	2010-06-08		N
Huang Haodong	Putian Peace Technology Co., Ltd.	Director	2012-02-07		N
Zhang Shunyi	Nanjing University of Posts and	Professor	1995-07-15		Y

	Telecommunications				
Zheng Aimei	Tianye Tax Agent Office	Head of an institute	2006-09-26		Y
Ding Haiyan	Hebei Institute of Communications	Managing vice president	2014-03-06		Y
Tang Di	Putian Yintong IT Co., Ltd.	Director	2010-03-24		N
Tang Di	Putian Peace Technology Co., Ltd.	Supervisor、Chairman of the Supervisory Committee	2012-02-07		N
Tang Di	Hangzhou HONYAR Electrical Co., Ltd.	Supervisor、Chairman of the Supervisory Committee	2012-10-26		N
Li Linzhen	Shanghai Putian Youtong Technology Co., Ltd.	Director	2012-06-22		N
Li Linzhen	Wuhan Putian Power Supply Co., Ltd.	Director	2012-10-15		N

III. Remuneration of directors, supervisors and senior management

Decision procedure, determining standard and actual situation of directors, supervisors and senior management

The Company has not paid directors and supervisors, the directors and supervisors get paid as the Company's administrative duties. The independent directors receive the allowance in the Company, while subsidiary standard is determined by the general meeting of shareholders. Senior management personnel salary standard and assessment methods are decided by the board of directors.

The Company implements performance salary system on senior management, making evaluation and paying compensation according to the completion of the production and operation as well as performance of the senior management personnel.

Remuneration for directors, supervisors and senior executives in reporting period

In 10 thousand Yuan

Name	Title	Sex	Age	Post-holding status	Total remuneration obtained from the Company	Total remuneration obtained from shareholder's unit	Remuneration actually obtained at period-end
Xu Qian	Director(Chairman)	M	52	Currently in office			
Wang Hong	Director(deputy Chairman), GM	F	48	Currently in office	27.8		27.8

Li Tong	Director	M	44	Currently in office		
Han Shu	Director	M	51	Currently in office		
Li Ying	Director	F	48	Currently in office		
Huang Haodong	Director	M	41	Currently in office		
Zhang Shunyi	Independent director	M	70	Currently in office	5	5
Zheng Aimei	Independent director	F	67	Currently in office	5	5
Ding Haiyan	Independent director	M	58	Currently in office	5	5
Yang Zhihe	Supervisor (Chairman of the Supervisory Committee)	M	62	Currently in office		
Tang Di	Supervisor	F	38	Currently in office		
Liu Xiaodong	Supervisor	F	43	Currently in office	16.4	16.4
Li Linzhen	Deputy GM	M	43	Currently in office		
Zhang Shenwei	Deputy GM 、 Secretary of the Board	M	39	Currently in office	22.4	22.4
Lu Yongshu	Deputy GM	M	54	Currently in office	22.4	22.4
Shi Lian	Chief Accountant	M	42	Currently in office	16.8	16.8
Total	--	--	--	--	120.8	120.8

Delegated equity incentive for directors, supervisors and senior executives in reporting period

Applicable Not applicable

IV. Changes of directors, supervisors and senior executives in reporting period

Name	Post-holding	Type	Date	Reasons
Li Linzhen	Deputy GM	Appointment	2014-10-10	

V. Changes of core technology team or key technicians in reporting period (not including directors, supervisors and senior executives)

Core technology team has no changed in reporting period.

VI. Particulars of workforce

1. Employee numbers and structure

Employees of the Company (including subsidiaries) ended as 2014:

Category	Number
Employee in-post	1869
Retired employee's expenses borne by the Company	481

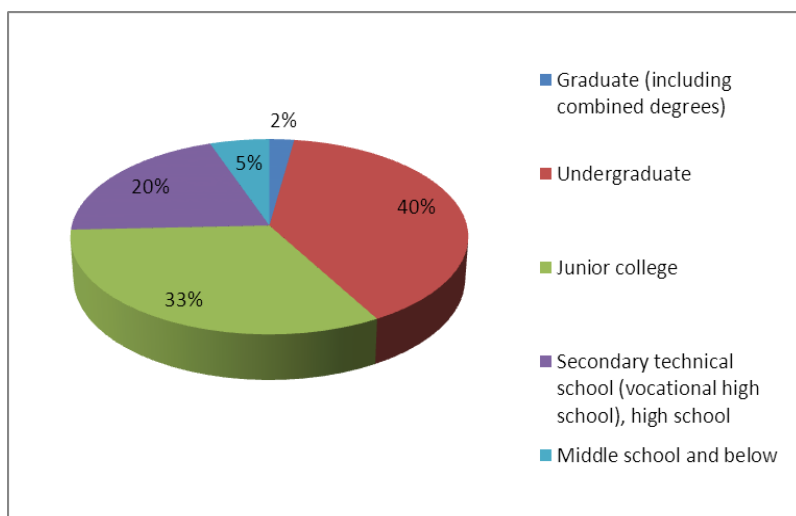
Education category for in-post employees:

Education background	Number
Graduate (including combined degrees)	42
Undergraduate	740
Junior college	607
Secondary technical school (vocational high school), high school	379
Middle school and below	101

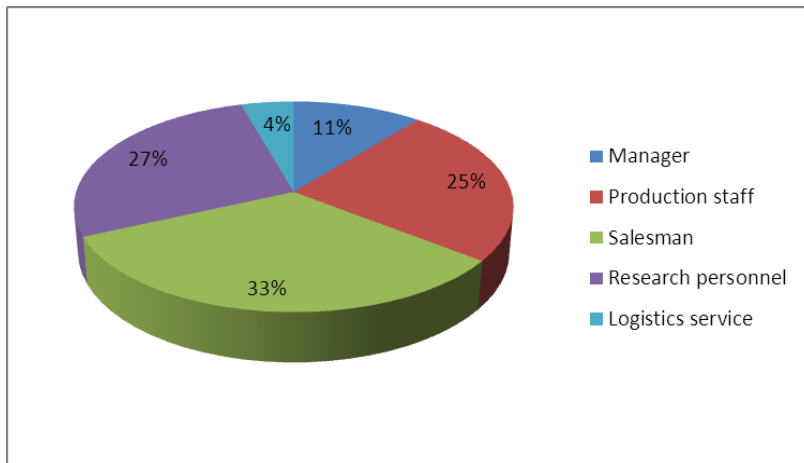
Professional composition for in-post employees:

Position	Number
Manager	204
Production staff	459
Salesman	613
Research personnel	510
Logistics service	83

Pie chart of the education background for employees:



Pie chart of the professional category for employees:



2. Staff remuneration policy

The Company promote a performance-oriented remuneration mechanism, formulate remuneration based on characteristics of the position, respectively in form of job performance salary, the project commission, sales commission, timing piecework system, and formulate different performance-evaluation method for different position. Employee's salary mainly depends on factors of market price, post coefficient, ability level, contribution and Company's benefits etc, by means of completing jobs and work performance, carried out qualitative and quantitative evaluation for salary determined. The Company paying a proportion of social insurance for the staff pursuit to relevant regulations of the State at the same time.

3. Staff training programs

Staff training of the Company including new employee orientation training, special personnel training, job-transfer training and trainings for other positions and staff etc. In 2014, the Company carry out a training plans for the whole year according to different levels, including 52 management trainings, 32 marketing trainings, 3 production and technical trainings and 7 categories of laws and regulations, a total of 127 related training courses items. As of December 2014, 131 times of training were organized, attendance of around 2,500 people.

Section IX. Corporate governance

I. Corporate governance of the Company

By strictly followed requirement of relevant laws and regulations of “Company Law”, “Securities Laws”, “Rules of Corporate Governance for Listed Company”, “Rules of Stock Listing in Shenzhen Stock Exchange”, “Standard Operation Guide for Listed Company in Main Board of Shenzhen Stock Exchange” and related normative documents since listed, the Company constantly improve structure of the corporate governance, complete and perfected the internal control system in order to improving the operation standards. Overall generation of the Company is standard-operated at present, actual condition of the Company meets normative documents of listed company governance from CSRC.

Is there any difference between the corporate governance and the *Company Laws* and relevant regulations from CSRC?

Yes No

There are no differences between the corporate governance, the *Company Laws* and relevant regulations from CSRC

Specific activity of the corporate governance as well as formulation and implementation of registration mechanism for insiders

The "Insiders Management System" was formulated in March 2010 by the Company in line with requirements of relevant securities regulators, and the System was deliberated and approved in the 7th Meeting of 5th Session of the Board (more details found in Notice of the Company released on Juchao Website dated 30 March 2010). In the reporting period, the Company strictly implemented the "Insiders Management System". No directors, supervisors and senior managers and other insiders made use of significant and sensitive information to trade stock of the Company before information was disclosed. Also there was not occurrence of punishment taken by regulatory authorities due to the implementation of insider registration management system or on suspicion of insider trading.

II. In the report period, the Company held annual general meeting and extraordinary shareholders' general meeting

1. Annual General Meeting (AGM) in the report period

Session of meeting	Date	Name of meeting motion	Resolutions	Date of disclosure	Index of disclosure
2014-4-18		Deliberated the follow proposals: (1) Work Report from the Board for year of 2013; (2) Work Report from Supervisory Committee for year of 2013; (3) Work Report from General Manager for year of 2013; (4) Financial Result of the	All pass	2014-04-19	“Resolution Notice of Annual General Meeting of 2013” No.: 2014-010; Published on: Juchao Website (www.cninfo.com.cn)

		Company for the year of 2013; (5) Profit Distribution Plan for year of 2013; (6) Annual Report of 2013; (7) Assets Impairment for year of 2013; (8) Guarantee provided to Controlling subsidiary; (9) Prediction of Daily Related Transaction for year of 2014			
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2. Extraordinary shareholders' general meeting in the report period

Session of meeting	Date	Name of meeting motion	Situation	Date of disclosure	Index of disclosure
2014-7-2		Deliberated proposal of Article of Association revised	All pass	2014-07-03	“Resolution Notice of First Extraordinary Shareholders General Meeting of 2014” No.: 2014-015; Published on: Juchao Website (www.cninfo.com.cn)
2014-10-31		Deliberated proposals of (1) Engagement of Audit Institute for financial of the Company for year of 2014; (2) Article of Association revised	All pass	2014-11-01	“Resolution Notice of Second Extraordinary Shareholders General Meeting of 2014” No.: 2014-024; Published on: Juchao Website (www.cninfo.com.cn)

3. Request for extraordinary general meeting by preferred stockholders whose voting rights restore

Applicable Not applicable

III. Responsibility performance of independent directors in report period

1. The attending of independent directors to Board meetings and shareholders' general meeting

The attending of independent directors						
Independent director	Times of Board meeting supposed to attend in the report period	Times of Presence	Times of attending by communication	Times of entrusted presence	Times of Absence	Absent the Meeting for the second time in a row (Y/N)
Zhang Shunyi	7	2	5	0	0	N
Zheng Aimei	7	2	5	0	0	N
Ding Haiyan	7	0	5	2	0	N
Times attending shareholders' general meeting from independent directors		3				

Explanation of absent the Board Meeting for the second time in a row

Not applicable

2. Objection for relevant events from independent directors

Whether independent directors come up with objection about company's relevant matters or not

Yes No

Independent directors has no objections for relevant events in reporting period

3. Other explanation about responsibility performance of independent directors

Whether the opinions from independent directors have been adopted or not

Yes No

Explanation on advice that accepted/not accepted from independent directors

In reporting period, independent directors of the Company, strictly in line with relevant regulations of "Instruction of Independent Director Mechanism Establishment in Listed Companies" issued by CSRC and Article of Association, and the rights and obligation that entrusted by vary rules of special committees, in a responsible for investors manner, honestly and diligently perform duties of independent directors. Independent directors actively attend relevant meetings, insight into operation status of the Company and internal control establishment, according to their professional knowledge and ability, made an objective decision on major events as fund occupation by related parties, guarantee offer outside, self-evaluation report on IC, prediction for annual routine related transactions and auditing organ appointment etc., providing an independent and impartial independent opinions, take an active part in research for the decision-making of operations; propose a reasonable opinions and suggestion for the development of the Company, and earnestly protect whole shareholders' legal rights, minority in particular.

IV. Performance of subordinate committee of the Board during the reporting period

In reporting period, special committee of the Board earnestly perform their duties, promote a smoothly development of the major operations and management activities of the Company. Audit committee of the Board deliberated the quarterly, semi-annual and annual financial reports, organized and implemented the auditing institute for financial reports and appointment of the auditing organ for internal control, submit suggestions to the Board; during the auditing process of the annual report, actively perform duties, including review the financial reports, determine auditing plans with accountants, eyes on auditing issues, urge the CPA complete the work in an appointment time and propose review opinions etc. Remuneration and Appraisal Committee verified the executive compensation disclosed in the annual report and issue opinions.

V. Works from Supervisory Committee

Whether the Company has risks or not in reporting period that found in supervisory activity from supervisory committee

Yes No

Supervisory committee has no objection about supervision events in reporting period

VI. Independence of the Company in aspect of business, personnel, assets, institute and finance relative to its controlling shareholder

The Company owes self-management ability with independence in aspect of business, personnel, assets, institute and finance relative to its controlling shareholder

VII. Horizontal Competition

Applicable Not applicable

VIII. Appraisal and incentive mechanism for senior executives

The Company exercise performance year-income system for senior executives carries on appraisals and paying remuneration to senior executives based on operation target and performance of target implementation of senior executives.

Section X. Internal control

I. Internal control construction

In line with vary laws and regulations, the “Basic Norms of Internal Control” and supporting practice notes jointly issued by five ministries as Ministry of Finance and CSRC etc. in particular, the Company established an internal control mechanism run through every links of the daily operation management activities, and continuously improve the mechanism in practice, ensure efficiency works of the operation activities of the Company with management runs in a legal and standard way, relevant information of assets security and financial reports are complete-ness and truth-ness, highering operation efficiency and benefits, promoting the achievement in development target.

II. Declaration of the Board on internal control responsibilities

In line with the regulation mechanism of enterprise’ internal control, Board of the Company has responsibility to established and improve its internal control and implemented internal control effectively, evaluate the effectiveness and release the evaluation report of internal control strictly according to the facts. Supervisory committee kept eyes on the implementation and establishment of internal control from the Board. Managers are responsible for organizing and leading the daily running of company internal control. Board of the Company, Supervisory Committee, Directors, Supervisors and Senior Executives guarantee that there are no any fictitious statements, misleading statements or important omissions carried in the “Appraisal Report of Internal Control for year of 2014”, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents. The Company’s internal control aims at guarantee a legal operation management reasonably, assets safety, the real and completion of the financial report and relevant information, improve the business results and achieve the development strategy. Because of the inherent feature of internal control, reasonable assurance only can be provided for the realization of the above mentioned targets. Furthermore, inappropriate internal control may be resulted by the changes of conditions, or failure of controlling policy and procedures implementation, the validity of internal control that calculated according to evaluation results of internal control has a certain risks.

III. Basis of establishment of internal control over financial reporting

Establishment of the IC for financial report based on the Accounting Laws, Accounting Standards for Business Enterprise and laws, regulations, provision of Basic Norms of Internal Control, jointly issued by five ministries of Ministry of Finance, and Practice Notes for Internal Control. On that premise, combine with real condition, the Company formulate a serial specific financial management and accounting mechanism, and setting up independent accounting organ and professional accountants, guarantee a truth-ness and accuracy for the finance information by effectively perform and executed vary regulations. No major defects been found in internal control over financial report in the reporting period

IV. Appraisal Report of internal control

Details of major defects in appraisal report that found in reporting period	
No major defect has been found in the report period	
Disclosure date of internal control	2015-03-31

appraisal report (full-text)	
Index of internal control appraisal report disclosed (full-text)	”Appraisal report of internal control for year of 2014 of Nanjing Putian Telecommunications Co., Ltd.” published on Juchao Website (www.cninfo.com.cn)

V. Audit report of internal control or verification report

Audit report of internal control

Auditing comments section for audit report of internal control	
We believe that according to relevant regulations and “Basic Norms of Internal Control”, the Company maintained an efficiency internal control of financial report dated December 31 st 2014, in all material aspects.	
Disclosure date of audit report of internal control (full-text)	2015-03-31
Index of audit report of internal control disclosed (full-text)	”Audit report of internal control for year of 2014 of Nanjing Putian Telecommunications Co., Ltd.” published on Juchao Website (www.cninfo.com.cn)

Is the CPA carries out qualified opinion for audit report of the internal control

Yes No

Whether the internal control audit report, issued by CPA, consistent with the opinions of self-evaluation report issued from the Board or not

Yes No

VI. Establishment and enforcement of Accountability Mechanism for Major Errors in Annual Report

The “Accountability Mechanism for Major Errors in Annual Report Disclosure” was formulated by the Company in March 2010, as for the significant economic losses or adverse influences damage to the Company due to major errors found in annual report disclosure, the accountability and treatment are been well-defined. No major errors in annual information disclosure have been found in the reporting period.

Section XI. Financial Report

I. Audit report

Type of audit opinion	Standard unqualified opinion
Signing date of audit report	2015-03-27
Name of audit institute	Pan-China Certified Public Accountants LLP
Document No. of Auditor's Report	PCCPAAR[2015]No. 1-44
Name of CPA	He Jiangxing, Wang Shuaijun

Text of Report

Auditor's Report

PCCPAAR[2015]No. 1-44

To the Shareholders of Nanjing Putian Telecommunications Co., Ltd.:

We have audited the accompanying financial statements of Nanjing Putian Telecommunications Co., Ltd. (the "Company"), which comprise the consolidated and parent company balance sheets as at December 31, 2014, the consolidated and parent company income statements, the consolidated and parent company cash flow statements, and the consolidated and parent company statements of changes in equity for the year then ended, as well as notes to financial statements.

I. Management's Responsibility for the Financial Statements

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

II. Certified Public Accountants' Responsibility

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

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

evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

III. Audit Opinion

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

Pan-China Certified Public Accountants LLP

Certified Public Accountant He Jiangxing

Hangzhou China

Certified Public Accountant Wang Shuaijun

Date of Report: March 27, 2015

II. Financial Statement (Attached below)

Section XII. Documents available for Reference

(I) Accounting statement bearing signature and seal of the legal representative, person in charge of accounting works

and person in charge of accounting institution of the Company

(II) Original auditing report bearing seal of CPAs and signature and seal of CPA.

(III) Text of notice and original draft that public on website appointed by CSRC within report period.

Board of Director of

Nanjing Putian Telecommunications Co., Ltd.

March 31st 2015

Nanjing Putian Telecommunications Co., Ltd.

Consolidated balance sheet as at December 31, 2014

(Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	Opening balance
Current assets:			
Cash and bank balances	1	394,586,647.76	430,024,326.63
Settlement funds			
Financial assets at fair value through profit or loss			
Notes receivable	2	34,375,641.37	21,919,480.05
Accounts receivable	3	770,808,856.85	789,984,001.55
Advances paid	4	31,630,604.30	33,144,854.82
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Interest receivable			
Dividend receivable	5	1,000,000.00	1,000,000.00
Other receivables	6	32,392,793.23	58,091,611.43
Reverse-REPO financial assets			
Inventories	7	455,031,864.93	431,011,396.33
Assets classified as held-for-sale			
Non-current assets due within one year			
Other current assets	8	9,577,770.69	
Total current assets		1,729,404,179.13	1,765,175,670.81
Non-current assets:			
Loans and advances paid			
Available-for-sale financial assets	9	741,953.00	741,953.00
Held-to-maturity investments			
Long-term receivable			
Long-term equity investments	10	184,932,925.28	189,805,012.84
Investment property	11	32,351,447.02	4,401,316.11

Fixed assets	12	85,925,183.82	106,610,502.71
Construction in progress	13	20,079,624.08	16,157,767.87
Construction materials			
Fixed assets disposal			
Biological assets			
Oil & gas assets			
Intangible assets	14	28,150,303.44	24,302,415.55
Development expenditures			
Goodwill			
Long-term prepayments	15	1,274,592.46	
Deferred tax assets			
Other non-current assets			
Total non-current assets		353,456,029.10	342,018,968.08
Total assets		2,082,860,208.23	2,107,194,638.89

Nanjing Putian Telecommunications Co., Ltd.

Consolidated balance sheet as at December 31, 2014 (continued)

(Expressed in Renminbi Yuan)

Liabilities & Equity	Note No.	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings	16	403,000,000.00	462,000,000.00
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	17	116,816,997.65	70,809,648.50
Accounts payable	18	920,559,456.30	955,777,528.37
Advances received	19	84,724,425.95	77,659,452.52
Proceeds from sale of repurchase financial assets			
Handling fee and commission payable			
Employee benefits payable	20	18,693,324.81	16,664,127.11
Taxes and rates payable	21	10,224,153.45	1,544,609.90
Interest payable	22	691,830.29	
Dividend payable	23	1,946,045.39	1,946,045.39
Other payables	24	58,841,351.26	52,249,025.93
Reinsurance accounts payable			
Reinsurance reserve			
Deposit for agency security transaction			
Deposit for agency security underwriting			
Liabilities classified as held-for-sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		1,615,497,585.10	1,638,650,437.72
Non-current liabilities:			
Long-term borrowings			
Bonds payable			

preferred shares			
Sustainable debt			
Long-term payables	25	80,118.00	80,118.00
Long-term employee benefits payable			
Special payables			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		80,118.00	80,118.00
Total liabilities		1,615,577,703.10	1,638,730,555.72
Equity:			
Share capital/Paid-in capital	26	215,000,000.00	215,000,000.00
Other equity instruments			
preferred shares			
Sustainable debt			
Capital reserve	27	185,374,533.85	185,374,533.85
Less: treasury shares			
Other comprehensive income	28	-3,318,496.10	-3,264,432.90
Special reserve			
Surplus reserve	29	589,559.77	589,559.77
General risk reserve			
Undistributed profit	30	-33,465,684.38	-14,489,140.50
Total equity attributable to the parent company		364,179,913.14	383,210,520.22
Non-controlling interest		103,102,591.99	85,253,562.95
Total equity		467,282,505.13	468,464,083.17
Total liabilities & equity		2,082,860,208.23	2,107,194,638.89

Nanjing Putian Telecommunications Co., Ltd.

Parent company balance sheet as at December 31, 2014

(Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	Opening balance
Current assets:			
Cash and bank balances		184,370,348.86	243,256,318.34
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable		17,384,160.90	4,080,113.29
Accounts receivable		447,307,478.27	484,405,832.01
Advances paid		14,363,554.54	19,253,965.98
Interest receivable			
Dividend receivable		1,000,000.00	1,000,000.00
Other receivables		27,627,713.81	72,664,367.17
Inventories		220,138,759.05	215,007,723.17
Assets classified as held-for-sale			
Non-current assets due within one year			
Other current assets		25,588.19	
Total current assets		912,217,603.62	1,039,668,319.96
Non-current assets:			
Available-for-sale financial assets		741,953.00	741,953.00
Held-to-maturity investments			
Long-term receivable			
Long-term equity investments		353,997,743.21	355,560,002.13
Investment property			
Fixed assets		25,901,856.49	28,670,106.90
Construction in progress		19,883,806.87	16,157,767.87
Construction materials			
Fixed assets disposal			
Biological assets			
Oil & gas assets			
Intangible assets		8,798,271.64	9,548,633.35
Development expenditures			

Goodwill			
Long-term prepayments		1,274,592.46	
Deferred tax assets			
Other non-current assets			
Total non-current assets		410,598,223.67	410,678,463.25
Total assets		1,322,815,827.29	1,450,346,783.21

Nanjing Putian Telecommunications Co., Ltd.

Parent company balance sheet as at December 31, 2014 (continued)

(Expressed in Renminbi Yuan)

Liabilities & Equity	Note No.	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings		326,000,000.00	356,000,000.00
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable		96,816,997.65	65,529,854.40
Accounts payable		448,950,237.16	570,182,414.45
Advances received		28,480,537.31	20,352,488.47
Employee benefits payable		7,530,723.41	6,287,114.97
Taxes and rates payable		122,888.33	-3,416,878.08
Interest payable		558,219.18	
Dividend payable			
Other payables		193,500,982.32	156,451,289.08
Liabilities classified as held-for-sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		1,101,960,585.36	1,171,386,283.29
Non-current liabilities:			
Long-term borrowings			
preferred shares			
Sustainable debt			
Bonds payable			
Long-term payables		80,118.00	80,118.00
Long-term employee benefits payable			
Special payables			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		80,118.00	80,118.00

Total liabilities		1,102,040,703.36	1,171,466,401.29
Equity:			
Share capital/Paid-in capital		215,000,000.00	215,000,000.00
Other equity instruments			
preferred shares			
Sustainable debt			
Capital reserve		172,417,299.81	172,417,299.81
Less: treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve		589,559.76	589,559.76
Undistributed profit		-167,231,735.64	-109,126,477.65
Total equity		220,775,123.93	278,880,381.92
Total liabilities & equity		1,322,815,827.29	1,450,346,783.21

Nanjing Putian Telecommunications Co., Ltd.
 Consolidated income statement for the year ending December 31, 2014
 (Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Total operating revenue		2,293,340,939.99	2,429,380,328.74
Including: operating revenue	1	2,293,340,939.99	2,429,380,328.74
Interest proceeds			
Premium earned			
Revenue from handling charges and commission			
II. Total operating cost		2,296,229,787.27	2,427,251,272.65
Including: operating cost	1	1,933,236,668.23	2,068,703,773.04
Interest expenses			
Handling charges and commission expenditures			
Surrender value			
Net payment of insurance claims			
Net provision of insurance reserve			
Premium bonus expenditures			
Reinsurance expenses			
Taxes & surcharge for operations	2	8,595,448.80	12,161,445.91
Selling expenses	3	171,178,560.06	166,511,077.88
Administrative expenses	4	139,587,907.98	142,849,359.10
Financial expense	5	33,425,667.22	32,966,622.27
Assets impairment loss	6	10,205,534.98	4,058,994.45
Add: gains on changes of fair value(or less: losses)			
Investment income (or less: losses)	7	4,533,601.95	19,354,984.06
Including: investment income from associates and joint ventures		1,082,078.12	-3,192,038.03
Gains on foreign exchange (or less: losses)			
III. Operating profit (or less: losses)		1,644,754.67	21,484,040.15
Add: Non-operating revenue	8	7,452,836.21	5,591,024.49
Including: Gains on disposal of non-current assets		191,589.32	166,395.57
Less: Non-operating expenditures	9	951,652.57	891,502.16
Including: losses on disposal of fixed assets		125,998.81	20,479.69
IV. Profit before tax (or less: total loss)		8,145,938.31	26,183,562.48

Less: income tax	10	16,670,494.96	13,234,161.80
V. Net profit (or less: net loss)		-8,524,556.65	12,949,400.68
Net profit attributable to owners of parent company		-18,976,543.88	4,898,647.91
Non-controlling interest income		10,451,987.23	8,050,752.77
VI. Other comprehensive income after tax		-54,063.20	506,418.92
Items after tax of other comprehensive income attributable to owners of parent company		-54,063.20	506,418.92
(I) Not reclassified subsequently to profit or loss			
Including: Changes in remeasurement on the net defined benefit liability/asset			
Items attributable to investees under equity method that will not be reclassified to profit or loss			
(II) To be reclassified subsequently to profit or loss		-54,063.20	506,418.92
Including: Items attributable to investees under equity method that may be reclassified to profit or loss			
Profit or loss from changes in fair value of available-for-sale financial assets			
Profit or loss from reclassification of held-to-maturity investments as available-for-sale assets			
Profit or loss on cash flow hedging			
Translation difference of financial statements in foreign currencies		-54,063.20	506,418.92
Others			
Items after tax of other comprehensive income attributable to non-controlling interest			
VII. Total comprehensive income		-8,578,619.85	13,455,819.60
Including: Items attributable to owners of parent company		-19,030,607.08	5,405,066.83
Items attributable to non-controlling interest		10,451,987.23	8,050,752.77
VIII. Earnings per share:			
(I) Basic EPS		-0.09	0.02
(II) Diluted EPS		-0.09	0.02

Nanjing Putian Telecommunications Co., Ltd.

Parent company income statement for the year ending December 31, 2014

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Operating revenue		1,152,701,958.64	1,393,262,385.33
Less: Operating cost		1,036,861,031.28	1,253,012,820.05
Taxes & surcharge for operations		2,542,897.38	5,407,942.95
Selling expenses		80,591,498.00	86,777,625.80
Administrative expenses		59,410,423.07	60,122,257.54
Financial expense		29,489,696.96	29,866,234.43
Assets impairment loss		10,110,081.45	3,676,817.56
Add: Gain on changes of fair value (or less: losses)			
Investment income (or less: losses)		6,367,089.38	30,913,740.70
Including: investment income from associates and joint ventures		865,629.69	-3,439,844.13
II. Operating profit(or less: losses)		-59,936,580.12	-14,687,572.30
Add: Non-operating revenue		2,467,578.35	2,152,827.94
Including: Gains on disposal of non-current assets		19,452.18	2,837.14
Less: Non-operating expenditures		636,256.22	504,397.10
Including: losses on disposal of non-current assets		81,261.54	7,059.41
III. Profit before tax (or less: total loss)		-58,105,257.99	-13,039,141.46
Less: income tax			
IV. Net profit (or less: net loss)		-58,105,257.99	-13,039,141.46
V. Other comprehensive income after tax			
(I) Not reclassified subsequently to profit or loss			
Including: Changes in remeasurement on the net defined benefit liability/asset			
Items attributable to investees under equity method that will not reclassified to profit or loss			
(II) To be reclassified subsequently to profit or loss			
Including: Items attributable to investees under equity method that may be reclassified to profit or loss			
Profit or loss from changes in fair value of available-for-sale financial assets			

Profit or loss from reclassification of held-to-maturity investments as available-for-sale assets		
Profit or loss on cash flow hedging		
Translation difference of financial statements in foreign currencies		
Others		
VI. Total comprehensive income	-58,105,257.99	-13,039,141.46
VII. Earnings per share:		
(I) Basic EPS	-0.27	-0.06
(II) Diluted EPS	-0.27	-0.06

Nanjing Putian Telecommunications Co., Ltd.

Consolidated cash flow statement for the year ending December 31, 2014

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:			
Cash receipts from sale of goods or rendering of services		2,690,862,319.01	2,662,141,788.43
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		4,563,264.16	3,169,066.74
Other cash receipts related to operating activities		85,746,493.91	62,216,542.55
Subtotal of cash inflows from operating activities		2,781,172,077.08	2,727,527,397.72
Cash payments for goods purchased and services received		2,182,016,079.71	2,163,661,993.70
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		228,730,174.80	180,166,878.88
Cash payments of taxes and rates		97,678,805.73	123,094,894.29
Other cash payments related to operating activities		201,727,980.51	213,907,296.45
Subtotal cash outflows from operating activities		2,710,153,040.75	2,680,831,063.32
Net cash flows from operating activities		71,019,036.33	46,696,334.40
II. Cash flows from investing activities:			
Cash received from return of investments		11,272,828.61	26,241,600.00
Cash received from return on investments		297,840.00	897,840.00
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		550,284.34	156,153.25
Net cash received from the disposal of subsidiaries & other business units			
Other cash receipts related to investing activities		3,593,903.04	
Subtotal of cash inflows from investing activities		15,714,855.99	27,295,593.25
Cash paid for acquiring fixed assets, intangible assets and other long-term assets		7,726,537.43	18,353,830.45

Cash paid for acquiring investments		5,000,000.00
Net increase of pledged loans		
Net cash paid for acquiring subsidiaries & other business units		
Other cash payments related to investing activities		
Subtotal of cash outflows from investing activities	7,726,537.43	23,353,830.45
Net cash flows from investing activities	7,988,318.56	3,941,762.80
III. Cash flows from financing activities:		
Cash received from investment by others		
Including: cash received by subsidiaries from non-controlling owners		
Cash received from borrowings	443,000,000.00	467,000,000.00
Cash received from issuing of bonds		
Other cash receipts related to financing activities		
Subtotal of cash inflows from financing activities	443,000,000.00	467,000,000.00
Cash repayments of borrowings	505,100,000.00	498,100,000.00
Cash paid for distribution of dividends or profits and for interest expenses	43,505,232.92	46,942,229.55
Including: cash paid for distribution of dividends or profits by subsidiaries to minority owners	5,673,300.00	8,508,560.57
Other cash payments related to financing activities		385,757.57
Subtotal of cash outflows from financing activities	548,605,232.92	545,427,987.12
Net cash flows from financing activities	-105,605,232.92	-78,427,987.12
IV. Effect of foreign exchange rate changes on cash & cash equivalents	-66,907.28	134,085.76
V. Net increase in cash and cash equivalents	-26,664,785.31	-27,655,804.16
Add: Opening balance of cash and cash equivalents	402,037,725.25	429,693,529.41
VI. Closing balance of cash and cash equivalents	375,372,939.94	402,037,725.25

Nanjing Putian Telecommunications Co., Ltd.

Parent company cash flow statement for the year ending December 31, 2014

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:			
Cash receipts from sale of goods and rendering of services		1,371,580,800.33	1,545,001,397.15
Receipts of tax refund		110,575.42	
Other cash receipts related to operating activities		107,448,123.19	24,159,019.13
Subtotal of cash inflow from operating activities		1,479,139,498.94	1,569,160,416.28
Cash payments for goods purchased and services received		1,254,773,272.85	1,291,779,736.81
Cash payments to and on behalf of employees		112,328,925.24	91,518,706.72
Cash payments of taxes and rates		22,761,087.12	55,646,213.19
Other cash payments related to operating activities		74,823,434.11	129,096,948.43
Subtotal of cash outflows from operating activities		1,464,686,719.32	1,568,041,605.15
Net cash flows from operating activities		14,452,779.62	1,118,811.13
II. Cash flows from investing activities:			
Cash received from return of investments		11,272,828.61	26,000,000.00
Cash received from investments gains		5,624,540.00	12,764,300.90
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		31,873.89	
Net cash receipts from disposals of subsidiaries and other business units			
Other cash receipts related to investing activities			
Subtotal of cash inflow from investing activities		16,929,242.50	38,764,300.90
Cash payments to acquire fixed assets, intangible assets and other long-term assets		5,233,176.13	15,885,348.81
Cash payments to acquire investments			5,000,000.00
Net cash payments for acquisitions of subsidiaries and other business units			
Other cash payments related to investing activities			
Subtotal of cash outflows from investing activities		5,233,176.13	20,885,348.81
Net cash flows from investing activities		11,696,066.37	17,878,952.09
III. Cash flows from financing activities:			
Cash receipts from investment by others			
Cash receipts from borrowings		346,000,000.00	356,000,000.00

Other cash receipts related to financing activities			
Subtotal of cash inflows from financing activities		346,000,000.00	356,000,000.00
Cash repayments of borrowings		376,000,000.00	391,800,000.00
Cash payments for distribution of dividends or profit or interest expenses		29,704,456.90	32,538,403.81
Other cash payments related to financing activities			
Subtotal of cash outflows from financing activities		405,704,456.90	424,338,403.81
Net cash flows from financing activities		-59,704,456.90	-68,338,403.81
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-63,388.29	103,473.36
V. Net increase in cash and cash equivalents		-33,618,999.20	-49,237,167.23
Add: Opening balance of cash and cash equivalents		217,989,348.06	267,226,515.29
VI. Closing balance of cash and cash equivalents		184,370,348.86	217,989,348.06

Nanjing Putian Telecommunications Co., Ltd.

Consolidated statement of changes in equity for the year ending December 31, 2014

(Expressed in Renminbi Yuan)

Items	Current period cumulative												
	Equity attributable to parent company										Non-controlling interest	Total equity	
	Share capital /Paid-in capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve			Undistributed profit
preferred shares		Sustainable debt	Others										
I. Balance at the end of prior year	215,000,000.00	-	-	-	185,374,533.85	-	-3,264,432.90	-	589,559.77	-	-14,489,140.50	85,253,562.95	468,464,083.17
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	215,000,000.00	-	-	-	185,374,533.85	-	-3,264,432.90	-	589,559.77	-	-14,489,140.50	85,253,562.95	468,464,083.17
III. Current period increase (or less: decrease)	-	-	-	-	-	-	-54,063.20	-	-	-	-18,976,543.88	17,849,029.04	-1,181,578.04
(I) Other comprehensive income							-54,063.20				-18,976,543.88	10,451,987.23	-8,578,619.85
(II) Capital contributed or withdrew by owners	-	-	-	-	-	-	-	-	-	-	-	13,070,341.81	13,070,341.81
1. Capital contributed by owners													-
2. Capital contributed by other equity instruments' owners													-
3. Amount of share-based payment included in equity													-
4. Others												13,070,341.81	13,070,341.81
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-5,673,300.00	-5,673,300.00
1. Appropriation of surplus reserve													-

2. Appropriation of general risk reserve														-
3. Appropriation of profit to owners													-5,673,300.00	-5,673,300.00
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	215,000,000.00	-	-	-	185,374,533.85	-	-3,318,496.10	-	589,559.77	-	-33,465,684.38	103,102,591.99	467,282,505.13	

Nanjing Putian Telecommunications Co., Ltd.

Consolidated statement of changes in equity for the year ending December 31, 2014 (continued)

(Expressed in Renminbi Yuan)

Items	Preceding period cumulative												
	Equity attributable to parent company											Non-controlling interest	Total equity
	Share capital /Paid-in capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		
preferred shares		Sustainable debt	Others										
I. Balance at the end of prior year	215,000,000.00				185,374,533.85		-3,770,851.82		589,559.77		-19,387,788.41	87,657,416.14	465,462,869.53
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	215,000,000.00				185,374,533.85		-3,770,851.82		589,559.77		-19,387,788.41	87,657,416.14	465,462,869.53
III. Current period increase (or less: decrease)	-	-	-	-	-	-	506,418.92	-	-	-	4,898,647.91	-2,403,853.19	3,001,213.64
(I) Other comprehensive income							506,418.92				4,898,647.91	8,050,752.77	13,455,819.60
(II) Capital contributed or withdrew by owners													
1. Capital contributed by owners													
2. Capital contributed by other equity instruments' owners													
3. Amount of share-based payment included in equity													
4. Others													
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-10,454,605.96	-10,454,605.96

1. Appropriation of surplus reserve													
2. Appropriation of general risk reserve													
3. Appropriation of profit to owners												-10,454,605.96	-10,454,605.96
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	215,000,000.00	-	-	-	185,374,533.85	-	-3,264,432.90	-	589,559.77	-	-14,489,140.50	85,253,562.95	468,464,083.17

Nanjing Putian Telecommunications Co., Ltd.

Parent company statement of changes in equity for the year ending December 31, 2014

(Expressed in Renminbi Yuan)

Items	Preceding period cumulative										
	Share capital /Paid-in capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total equity
		preferred shares	Sustainable debt	Others							
I. Balance at the end of prior year	215,000,000.00				172,417,299.81				589,559.76	-109,126,477.65	278,880,381.92
Add: cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	215,000,000.00				172,417,299.81				589,559.76	-109,126,477.65	278,880,381.92
III. Current period increase (or less: decrease)										-58,105,257.99	-58,105,257.99
(I) Other comprehensive income										-58,105,257.99	-58,105,257.99
(II) Capital contributed or withdrew by owners											
1. Capital contributed by owners											
2. Capital contributed by other equity instruments' owners											
3. Amount of share-based payment included in equity											
4. Others											
(III) Profit distribution											
1. Appropriation of surplus reserve											
2. Appropriation of profit to owners											
3. 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	215,000,000.00	-	-	-	172,417,299.81	-	-	-	589,559.76	-167,231,735.64	220,775,123.93

Nanjing Putian Telecommunications Co., Ltd.

Parent company statement of changes in equity for the year ending December 31, 2014 (continued)

(Expressed in Renminbi Yuan)

Items	Preceding period cumulative										
	Share capital /Paid-in capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total equity
		preferred shares	Sustainable debt	Others							
I. Balance at the end of prior year	215,000,000.00				172,417,299.81				589,559.76	-96,087,336.19	291,919,523.38
Add: cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	215,000,000.00				172,417,299.81				589,559.76	-96,087,336.19	291,919,523.38
III. Current period increase (or less: decrease)										-13,039,141.46	-13,039,141.46
(I) Other comprehensive income										-13,039,141.46	-13,039,141.46
(II) Capital contributed or withdrew by owners											
1. Capital contributed by owners											
2. Capital contributed by other equity instruments' owners											
3. Amount of share-based payment included in equity											
4. Others											
(III) Profit distribution											
1. Appropriation of surplus reserve											
2. Appropriation of profit to owners											

3. 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	215,000,000.00				172,417,299.81				589,559.76	-109,126,477.65	278,880,381.92

Wang Hong

[Name]

[Legal Representative]

(Signature and stamp)

Shi Lian

[Name]

[Officer in charge of accounting]

(Signature and stamp)

Qiu Huizhen

[Name]

[Head of accounting department]

(Signature and stamp)

Nanjing Putian Telecommunications Co., Ltd.

Notes to Financial Statements

For the year ended December 31, 2014

(For the 12-month period ended 5 March, 2015)

Monetary unit: RMB Yuan

I. Company profile

Nanjing Putian Telecommunications Co., Ltd. (the “Company”) is the original Nanjing Telecommunication Facility Factory. It was established as a limited company by raising money which is approved by National Economic Institutional Reform Commission with its TGS (1997) No. 28 issued on 21 March, 1997. The company was listed in Shenzhen Stock Exchange on 22 May, 1997. The Company’s registration address is No. 1 Putian Road, Qinhuai District Nanjing, Jiangsu Province. The company acquired a corporate business license numbered 320000400000500, with registered capital of 215,000,000.00 yuan, total share of 215,000,000.00 shares (each with par value of one yuan).

The Company belongs to telecommunication equipment manufacture industry and is mainly engaged in researching and manufacturing the data, wire and wireless telecommunication equipment, distribution and allocation of layout of telecommunication product, and in researching and manufacturing media computer, digital television and vehicle electronics. The research and sale of video conference system with providing the related after-sales service ,including installation, maintenance and repairmen of equipment. The design of telecommunication information net project and computer information systematic project, and provision of related system combination and related consultancy service also are included in the Company’s business scope.

The financial report has been deliberated and approved by the 24 meeting of the 6 session of the Board of Directors on 27 March 2015.

The Company has brought 11 subsidiaries including Nanjing South Telecommunications Company Limited, Nanjing Putian Intelligent Building Ltd. and Nanjing Mennekes Electrics Co., Ltd. etc. into the consolidated scope. Please refer to notes to changes in the consolidated scope and equity in other entities for details.

II. Preparation basis of the financial statements

(I) Preparation basis

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

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

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

III. Significant accounting policies and estimates

(I) Statement of compliance

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

(II) Accounting period

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

(III) Operating cycle

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

(IV) Functional currency

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

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

1. Accounting treatment of business combination under common control

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

2. Accounting treatment of business combination not under common control

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

(VI) Compilation method of consolidated financial statements

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

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

1. Joint arrangements include joint operations and joint ventures.

2. When the Company is a joint operator of a joint operation, it recognizes in relation to its interest in a joint operation:

(1) its assets, including its share of any assets held jointly;

(2) its liabilities, including its share of any liabilities incurred jointly;

(3) its revenue from the sale of its share of the output arising from the joint operation;

(4) its share of the revenue from the sales of the output by the joint operation; and

(5) its expenses, including its share of any expenses incurred jointly.

(VIII) Recognition criteria of cash and cash equivalents

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

to an insignificant risk of changes in value.

(IX) Foreign currency translation

1. Translation of transactions denominated in foreign currency

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

2. Translation of financial statements measured in foreign currency

The assets and liabilities in the balance sheet are translated into RMB at the spot rate at the balance sheet date; the equity items, other than undistributed profit, are translated at the spot rate at the transaction date; the revenues and expenses in the income statement are translated into RMB at the approximate exchange rate similar to the systematically and rationally determined spot exchange rate at the transaction date. The difference arising from foreign currency translation is included in other comprehensive income.

(X) Financial instruments

1. Classification of financial assets and financial liabilities

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

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

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

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

The Company measures its financial assets at fair value subsequent to initial recognition, and does not deduct the transaction expenses that may occur when it disposes of the said financial asset in the future. However, those under the following circumstances are excluded: (1) the held-to-maturity investments, loans and receivables are measured at amortized costs using effective interest method; (2) the equity instrument investments for which there

is no quotation in the active market and whose fair value cannot be measured reliably, and the derivative financial assets which are connected with the said equity instrument and must be settled by the delivery of the said equity instrument are measured at their costs.

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

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

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

3. Recognition criteria and measurement method of financial assets transfer

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

derecognizes the financial asset; (2) if the Company does not give up its control over the financial asset, according to the extent of its continuing involvement in the transferred financial asset, it recognizes the related financial asset and recognizes the relevant liability accordingly.

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

4. Fair value determination method of financial assets and liabilities

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

(1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

(2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability, for example, interest rates and yield curves observable at commonly quoted intervals; market-corroborated inputs;

(3) Level 3 inputs are unobservable inputs for the asset or liability. Level 3 inputs include interest rate that is not observable and cannot be corroborated by observable market data at commonly quoted intervals, historical volatility, future cash flows to be paid to fulfill the disposal obligation assumed in business combination, and financial forecast developed using the Company's own data, etc.

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

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

(2) An impairment test is made on an individual basis on financial assets of individually significant amount; with regard to the financial assets of individually insignificant amount, they may be included in a portfolio of financial assets with similar credit risk features so as to carry out an impairment-related test; where, upon the impairment test on an individual basis, the financial asset (including those financial assets of individually significant amount and of individually insignificant amount) is not impaired, it is included in a portfolio of financial assets with similar credit risk features so as to conduct further impairment test.

(3) Available-for-sale financial assets

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

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

2) Evidence indicating that available-for-sale equity instrument investment may be impaired includes the fair value of equity instrument investment is suffered from significant or non-temporary decline.

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

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

(XI) Receivables

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

Judgment basis or amount criteria of individually significant amount	Receivables amounting to more than 10 million yuan
Provision method for receivables of individually significant amount and with provision made on an individual basis	Provisions are made on the difference between the lower of present value of future cash flow and their carrying amount based on impairment testing on an individual basis.

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

(1) Specific portfolios and provision method

Provision method of provision being made on collective basis using portfolios with similar credit risk features:	
Portfolio 1	grouped with related party balances within the consolidation scope
Portfolio 2	grouped with age
Portfolios and provision method	

Portfolio 1	No provision
Portfolio 2	Age analysis method

(2) Age analysis method

Ages	Proportion of provision for accounts receivable (%)	Proportion of provision for other receivables (%)
Within 1 year (inclusive, the same hereinafter)	0	0
1-2 years	0	0
2-3 years	10	10
3-4 years	30	30
4-5 years	40	40
5-6 years	80	80
Over 6 years	100	100

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

Reasons for provision made on an individual basis	An impairment test for an individual basis with objective evidence showing it become impaired
Provision method	provision method made on an individual basis

For other receivables such as notes receivable, interest receivable and long-term receivable, etc., provision for bad debts is made at the difference between the present value of future cash flow and the carrying amount.

(XII) Inventories

1. Classification of inventories

Inventories include finished goods or goods held for sale in the ordinary course of business, work in process in the process of production, and materials or suppliers etc. to be consumed in the production process or in the rendering of services.

2. Accounting method for dispatching inventories:

Inventories dispatched from storage are accounted for with moving average method.

3. Basis for determining net realizable value

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

4. Inventory system

Perpetual inventory method is adopted.

5. Amortization method of low-value consumables and packages

(1) Low-value consumables

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

(2) Packages

Packages are amortized with one-off method.

(XIII) Assets classified as held-for-sale

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

(XIV) Long-term equity investments

1. Judgment of joint control and significant influence

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

2. Determination of investment cost

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

When long-term equity investments are obtained through business combination under common control achieved in stages, the Company determines whether it is a "package deal".

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

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

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

1) In the case of stand-alone financial statements, investment cost is initially recognized at the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity.

2) In the case of consolidated financial statements, the Company determines whether it is a "package deal".

If it is a "package deal", stages as a whole are considered as one transaction in accounting treatment. If it is not a "package deal", the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured at the acquisition-date fair value, and the

difference between the fair value and the carrying amount is recognized in investment income; when the acquirer's previously held equity interest in the acquiree involves other comprehensive income under equity method, the related other comprehensive income is reclassified as income for the acquisition period, excluding other comprehensive income arising from changes in net liabilities or assets from remeasurement of defined benefit plan of the acquiree.

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

3. Subsequent measurement and recognition method of gain or loss

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

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

(1) Stand-alone financial statements

The difference between the carrying amount of the disposed equity and the consideration obtained thereof is recognized in profit or loss. If the disposal does not result in the Company's loss of significant influence or joint control, the remained equity is accounted for with equity method; however, if the disposal results in the Company's loss of control, joint control, or significant influence, the remained equity is reclassified as available-for-sale financial assets at fair value.

(2) Consolidated financial statements

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

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

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

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

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

(XV) Investment property

1. Investment property includes land use right of rent-out property and of property held for capital appreciation and buildings that have been leased out.

2. The initial measurement of investment property is based on its cost, and subsequent measurement is made using the cost model, the depreciation or amortization method is the same as that of fixed assets and intangible assets.

(XVI) Fixed assets

1. Recognition principles of fixed assets

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

2. Depreciation method of different categories of fixed assets

Categories	Depreciation method ¹	Useful life (years)	Estimated residual value proportion (%)	Annual depreciation rate (%)
Buildings and structures	straight-line method	15-35	3.00	2.77-6.47
Mechanical equipment	straight-line method	10-15	3.00	6.47-9.70
Transport facilities	straight-line method	6-8	3.00	12.13-16.17
Electronic equipment	straight-line method	4-11	3.00	2.2-24.25
Office equipment and others	straight-line method	4-11	3.00	2.2-24.25

(XVII) Construction in progress

1. Construction in progress is recognized if, and only if, it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. Construction in progress is measured at the actual cost incurred to reach its designed usable conditions.

2. Construction in progress is transferred into fixed assets at its actual cost when it reaches its designed usable conditions. When the construction completion cost reaches final estimating and auditing of the construction in progress was not finished while it reaching the designed usable conditions, it is transferred to fixed assets using estimated value first, and then adjusted accordingly when the actual cost is settled, but the accumulated depreciation is not to be adjusted retrospectively.

(XVIII) Borrowing costs

1. Recognition principle of borrowing costs capitalization

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

2. Borrowing costs capitalization period

(1) The borrowing costs are not capitalized unless they following requirements are all met: 1) the asset disbursements have already incurred; 2) the borrowing costs have already incurred; and 3) the acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

(2) Suspension of capitalization: where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs is suspended; the borrowing costs incurred during such period are recognized as expenses, and

¹Methods include straight-line method, unit-of-production method, double-declining-balance method, sum-of-the-years-digits method, as well as other methods.

are included in profit or loss, till the acquisition and construction or production of the asset restarts.

(3) Ceasing of capitalization: when the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs is ceased.

3. Capitalization rate and capitalized amount of borrowing costs

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

(XIX) Intangible assets

1. Intangible asset includes land use right, patent right and non-patented technology etc. The initial measurement of intangible asset is based its cost.

2. For intangible assets with finite useful lives, its amortization amount is amortized within its useful lives systematically and reasonably, if it is unable to determine the expected realization pattern reliably, intangible assets are amortized by the straight-line method.

Items	Depreciation years
Software	3-10 years
Patent right and non-patent right	5-10 years
Land use right	40-50 years

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

(XX) Impairment of part of non-current assets

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

performed annually. Impairment test on goodwill is performed on related group of assets or a portfolio of groups of assets.

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

(XXI) Long-term prepayments

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

(XXII) Employee benefits

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

2. Short-term employee benefits

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

3. Post-employment benefits

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

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

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

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

2) When a defined benefit plan has assets, the Company recognizes the deficit or surplus by deducting the present value of the defined benefit plan obligation from the fair value of defined benefit plan assets as a net defined benefit plan liability or net defined benefit plan asset. When a defined benefit plan has a surplus, the Company measures the net defined benefit plan asset at the lower of the surplus in the defined benefit plan and the asset ceiling;

3) At the end of reporting period, the Company recognizes the following components of employee benefits cost arising from defined benefit plan: a. service cost; b. net interest on the net defined benefit plan liability (asset); and c. Changes as a result of remeasurement of the net defined benefit liability (asset). Item a and item b are recognized in profit or loss or the cost of a relevant asset. Item c is recognized in other comprehensive income and is not to be reclassified subsequently to profit or loss. However, the Company may transfer those amounts recognized in other comprehensive income within equity.

4. Termination benefits

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

5. Other long-term employee benefits

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

(XXIII) Provisions

1. Provisions are recognized when fulfilling the present obligations arising from contingencies such as providing guarantee for other parties, litigation, products quality guarantee, onerous contract, etc., may cause the outflow of the economic benefit and such obligations can be reliably measured.
2. The initial measurement of provisions is based on the best estimated expenditures required in fulfilling the present obligations, and its carrying amount is reviewed at the balance sheet date.

(XXIV) Revenue

1. Revenue recognition principles

(1) Sale of goods

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

(2) Rendering of services

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

(3) Revenue arising from use by others of assets

Revenue arising from use by others of assets is recognized if, and only if, it is probable that economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. Interest income is recognized based on the length of time for which the Company's cash is used by others and the

effective interest rate; and royalties are recognized according to the period and method of charging as specified in relevant contract or agreement.

2. Revenue recognition method adopted by the Company

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

(XXV) Government grants

1. Government grants related to assets

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

2. Government grants related to income

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

(XXVI) Leases

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

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

(XXVII) Significant changes in accounting policies and estimates

(1) Contents and reasons for the changes

The company adopts following accounting standards, which are formulated by the Ministry of Finance in 2014, <Accounting Standard for Business Enterprises No. 39 - Fair value measurement >, <Accounting Standard for Business Enterprises No. 40 - The joint venture arrangement>, <Accounting Standard for Business Enterprises No. 41 - Disclosure of Interests in other entities>, <Accounting Standard for Business Enterprises No. 2 - Long-term equity investments>, <Accounting Standard for Business Enterprises No. 9 - Employee compensation>, <Accounting Standards for Enterprises No. 30 - Presentation of Financial Statements> and <Accounting Standard

for Business Enterprises No. 33 - Consolidated financial statements>, from 1 July, 2014. At the same time, this financial statement also adopts <Accounting Standard for Business Enterprises No. 37 - Presentation of financial instruments> which is revised by the Ministry of Finance in 2014.

The change has been deliberated and approved by the 23 meeting of the 6 session of the Board of Directors.

(2) Financial statement items and amounts significantly affected

Financial items significantly affected	Amounts affected	Remarks
Items of balance sheet as of December 31, 2013		
Available-for-sale financial assets	741,953.00	
Long-term equity investments	-741,953.00	

IV. Taxes

(I) Main taxes and tax rates

Taxes	Tax bases	Tax rates
Value-added tax (VAT)	The taxable revenue from sales of goods or rendering of services	17%
Business tax	The taxable business turnover	3%-5%
Urban maintenance and construction tax	Turnover tax payable	7%
Education surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%
Enterprise income tax	Taxable income	15%-25%

Different enterprise income tax rates applicable to different taxpayers:

Taxpayers	Income tax rate
Nanjing Putian Intelligent Building Ltd.	15%
Nanjing Putian Changle Telecommunications Equipment Co., Ltd.	15%
Nanjing Putian Datang Information Electronic Co., Ltd.	15%
Nanjing Putian Network Company Ltd.	15%
Putian Telecommunications (H.K.) Co., Ltd.	16.5%
Taxpayers other than the above-mentioned	25%

(II) Tax preferential policies

The subsidiaries, Nanjing Putian Telege Intelligent Building Co., Ltd., Nanjing Putian Changle Telecommunications Equipment Co., Ltd., Nanjing Putian Network Company Ltd. and Nanjing Putian Datang

Information Electronic Co., Ltd. as high-tech enterprises, pay the enterprise income tax at a reduced rate of 15 %. Putian Telecommunications (Hong Kong) Co., Ltd. was established in Hong Kong on 1 December 2000, and is subject to the Enterprise Income Tax at a rate of 16.5%, according to relevant rules in Hong Kong.

The subsidiary, Nanjing Telecommunication Equipment Factory- The Seven Branch, is a social welfare enterprise. Therefor, it is in accordance with the provisions of GSF (2007) No. 067 and enjoys the preferential tax policy of value-added tax levied immediately returned and the disabled people's wage deduction.

The subsidiary, Nanjing South Telecommunications Company Limited, Nanjing Putian Datang Information Electronic Co., Ltd., Nanjing Putian Network Company Ltd. and Nanjing Putian Telecommunication Technology Company Ltd. are software enterprises and enjoy the preferential tax policy of value-added tax levied immediately returned with the provisions of CS(2011) No. 100.

V. Notes to items of consolidated financial statements

(I) Notes to items of the consolidated balance sheet

1. Cash and bank balances

(1) Details

Items	Closing balance	Opening balance
Cash on hand	18,655.93	10,154.33
Cash in bank	339,354,284.01	369,426,901.36
Other cash and bank balances	55,213,707.82	60,587,270.94
Total	394,586,647.76	430,024,326.63

(2) Other remarks

Other cash and bank balances are including the acceptance deposit and the letter of guarantee deposit. The acceptance deposit amounts to 46,000,000.00 yuan and the letter of guarantee deposit amounts to 9,213,707.82 yuan.

2. Notes receivable

(1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Bank acceptance	13,645,568.43		13,645,568.43	4,591,240.18		4,591,240.18
Trade acceptance	20,730,072.94		20,730,072.94	17,328,239.87		17,328,239.87
Total	34,375,641.37		34,375,641.37	21,919,480.05		21,919,480.05

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

Items	Closing balance derecognized	Closing balance not yet derecognized

Bank acceptance	12,395,446.89	
Trade acceptance	12,265,446.89	
Subtotal	24,660,893.78	

3. Accounts receivable

(1) Details

1) Details of different categories of accounts receivable

Categories	Closing balance				Carrying amount
	Book balance		Provision for bad debts		
	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	787,469,667.43	98.89	16,660,810.58	2.12	770,808,856.85
Portfolio 1					
Portfolio 2	787,469,667.43	98.89	16,660,810.58	2.12	770,808,856.85
Receivable of individually insignificant amount but with provision made on an individual basis	8,835,895.48	1.11	8,835,895.48	100.00	
Total	796,305,562.91	100.00	25,496,706.06	3.20	770,808,856.85

(Continued)

Categories	Opening balance				Carrying amount
	Book balance		Provision for bad debts		
	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	801,248,632.03	99.00	11,264,630.48	1.41	789,984,001.55
Portfolio 1					
Portfolio 2	801,248,632.03	99.00	11,264,630.48	1.41	789,984,001.55

Receivable of individually insignificant amount but with provision made on an individual basis	8,101,537.99	1.00	8,101,537.99	100.00	
Total	809,350,170.02	100.00	19,366,168.47	2.39	789,984,001.55

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

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	653,605,556.40		
1-2 years	75,472,435.95		
2-3 years	38,181,667.74	3,818,166.77	10.00
3-4 years	7,295,200.47	2,188,560.14	30.00
4-5 years	3,028,862.31	1,211,544.92	40.00
5-6 years	2,217,029.06	1,773,623.25	80.00
Over 6 years	7,668,915.50	7,668,915.50	100.00
Subtotal	787,469,667.43	16,660,810.58	2.28

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

Provision for bad debts made in current period totaled 5,707,296.26 yuan, the additional provision for bad debts from the business combination not under common control totaled 407,357.96 yuan and the amount of provision for bad debts resulting from the fluctuations in exchange is 15,883.37 and collected or reversed in current period totaled 0.00 yuan.

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

Debtors	Book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
China Telecom Co., Ltd. Jiangsu Branch	35,964,901.49	4.52	
China Netcom	30,122,614.60	3.78	
Agricultural Bank of China	28,377,506.11	3.56	
China Putian Information industry Co. Ltd.	17,160,807.69	2.16	146,988.82
Shanghai Putian Post And Telecommunications Technology Co., Ltd.	12,978,934.00	1.63	1,297,893.40
Subtotal	124,604,763.89	15.65	1,444,882.22

4. Advances paid

(1) Age analysis

1) Details of ages

Ages	Closing balance			
	Book balance	Proportion (%)	Provision for bad debts	Carrying amount
Within 1 year	20,249,817.55	64.02		20,249,817.55
1-2 years	5,700,897.26	18.02		5,700,897.26
2-3 years	1,835,834.69	5.80		1,835,834.69
Over 3 years	3,844,054.80	12.15		3,844,054.80
Total	31,630,604.30	100.00		31,630,604.30

(Continued)

Ages	Opening balance			
	Book balance	Proportion (%)	Provision for bad debts	Carrying amount
Within 1 year	19,368,994.01	58.44		19,368,994.01
1-2 years	8,942,129.35	26.98		8,942,129.35
2-3 years	2,878,492.17	8.68		2,878,492.17
Over 3 years	1,955,239.29	5.90		1,955,239.29
Total	33,144,854.82	100.00		33,144,854.82

2) Reasons for unsettlement on advances paid with age over one year and significant amount

Debtors	Closing balance	Reasons for unsettlement
Jiangsu Huayu Intelligent Systems Engineering Co., Ltd.	2,483,277.50	The contract is still executing.
Beijing Hongbo Tengda science and Technology Development Co., Ltd.	881,505.00	The contract is still executing.
Gansu Ruitong Network Technology Co., Ltd.	500,000.00	The settlement is not complete.
Flextronics (changzhou) Ltd.	870,000.00	The settlement is not complete.
Subtotal	4,734,782.50	

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

Debtors	Book balance	Proportion to the total balance of advances paid (%)
Nanjing Putian Telege Cable Co., Ltd	4,828,942.63	15.27
Jiangsu Wujin Construction Engineering Group Co., Ltd.	4,230,000.00	13.37
Beijing Zhonghai Jincheng International Logistics Co., Ltd.	3,164,566.86	10.00
Jiangsu Huayu Intelligent Systems Engineering Co., Ltd	2,483,277.50	7.85
Changsha Saifu Electric Equipment Co., Ltd.	891,281.02	2.82

Subtotal	15,598,068.01	49.31
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5. Dividend receivable

(1) Details

Items	Closing balance	Opening balance
Nanjing Prachanda Live Optical Network Co., Ltd	1,000,000.00	1,000,000.00
Total	1,000,000.00	1,000,000.00

(2) Significant dividend receivable with age over one year

Items	Closing balance	Ages	Reasons for being not collected	Whether impaired and judgement basis
Nanjing Prachanda Live Optical Network Co., Ltd	1,000,000.00	1-2year	Mutual capital transactions, no payment	Mutual Capital transactions with no payment, no sign of impairment
Subtotal	1,000,000.00			

6. Other receivables

(1) Details

1) Details on categories

Categories	Closing balance				
	Book 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	28,912,122.71	38.83	28,912,122.71	100.00	
Receivables with provision made on a collective basis using portfolios with similar credit risk features	45,547,277.77	61.17	13,154,484.54	28.88	32,392,793.23
Portfolio 1					
Portfolio 2	45,547,277.77	61.17	13,154,484.54	28.88	32,392,793.23
Receivable of individually insignificant amount but with provision made on an individual basis					
Total	74,459,400.48	100.00	42,066,607.25	56.50	32,392,793.23

(Continued)

Categories	Opening balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis	28,912,122.71	29.27	28,912,122.71	100.00	
Receivables with provision made on a collective basis using portfolios with similar credit risk features	69,852,170.88	70.73	11,760,559.45	16.84	58,091,611.43
Portfolio 1					
Portfolio 2	69,852,170.88	70.73	11,760,559.45	16.84	58,091,611.43
Receivable of individually insignificant amount but with provision made on an individual basis					
Total	98,764,293.59	100.00	40,672,682.16	41.18	58,091,611.43

2) Other receivables of individually significant amount and with provision made on an individual basis

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons for provision made
Beijing Picom Telecommunications Equipment Ltd	28,912,122.71	28,912,122.71	100.00	Aging longer cannot be recalled
Subtotal	28,912,122.71	28,912,122.71	100.00	

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

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	21,657,023.03		
1-2 years	3,298,238.94		
2-3 years	3,716,501.46	371,650.15	10.00
3-4 years	1,219,441.73	365,832.52	30.00
4-5 years	1,726,646.39	690,658.56	40.00
5-6 years	11,015,414.52	8,812,331.61	80.00
Over 6 years	2,914,011.70	2,914,011.70	100.00
Subtotal	45,547,277.77	13,154,484.54	29.04

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

Provisions for bad debts made in current period totaled 1,393,925.10 yuan, and collected or reversed in current period totaled 0.00 yuan.

(3) Other receivables categorized by nature

Nature of receivables	Closing balance	Opening balance
Fund of disbursement for travel expenses	3,390,197.18	5,190,958.23
Deposit as security	10,523,324.58	13,472,896.99
Temporary advance payment receivable	58,519,421.71	76,626,768.78
Others	2,026,457.01	3,473,669.59
Total	74,459,400.48	98,764,293.59

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

Debtors	Nature of receivables	Book balance	Age	Proportion to the total balance of other receivables (%)	Provision for bad debts
Beijing Picom Telecommunications Equipment Ltd	Business section	28,912,122.71	Over 6 years	38.83	28,912,122.71
The Yuhua People's Government Nanning Office	Temporary advance payment receivable	10,000,000.00	5-6 years	13.43	8,000,000.00
China Mobile Communications Corporation Jiangsu Branch	Temporary advance payment receivable	3,150,000.00	Within 1 year	4.23	
China Putian Information Industry Co., Ltd	Temporary advance payment receivable	1,330,000.00	Within 1 year	1.79	
Henan Zhongguang Information Network Co., Ltd.	Temporary advance payment receivable	1,000,000.00	Over 6 years	1.34	1,000,000.00
Total		44,392,122.71		59.62	37,912,122.71

7. Inventories

(1) Details

Items	Closing balance		
	Book balance	Provision for write-down	Carrying amount
Raw materials	34,249,423.11	2,439,972.73	31,809,450.38
Work in process	17,844,362.54		17,844,362.54
Goods on hand	414,325,369.42	8,947,317.41	405,378,052.01
Total	466,419,155.07	11,387,290.14	455,031,864.93

(Continued)

Items	Opening balance		
	Book balance	Provision for write-down	Carrying amount
Raw materials	38,013,219.98	1,510,725.67	36,502,494.31
Work in process	20,382,981.59		20,382,981.59
Goods on hand	380,980,558.36	6,854,637.93	374,125,920.43
Total	439,376,759.93	8,365,363.60	431,011,396.33

(2) Provision for inventory write-down

1) Details

Items	Opening balance	Increase		Decrease		Closing balance
		Provision	Others	Reversal or written-off	Others	
Raw materials	1,510,725.67	929,247.06				2,439,972.73
Goods on hand	6,854,637.93	2,175,066.56		82,387.08		8,947,317.41
Subtotal	8,365,363.60	3,104,313.62		82,387.08		11,387,290.14

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

The detailed basis of net realizable value refers to the Notes XII of financial statements, the amount of 82,387.08, which is the written-off of provision for inventory, is reversed by Nanjing Mennekes Electric Co., Ltd., as the goods on hand related to the written-off is sold in the current period.

8. Other current assets

Items	Closing balance	Opening balance
Input tax to be deducted	9,577,770.69	
Total	9,577,770.69	

9. Available-for-sale financial assets

(1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Available-for-sale equity instrument						
Including: at fair value	2,596,863.00	1,854,910.00	741,953.00	2,596,863.00	1,854,910.00	741,953.00
Total	2,596,863.00	1,854,910.00	741,953.00	2,596,863.00	1,854,910.00	741,953.00

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

Investees	Book balance			
	Opening balance	Increase	Decrease	Closing balance
Nanjing Yuhua Galvanization Factory	420,915.00			420,915.00
Hangzhou Hongyan Electric Appliance Co., Ltd.	321,038.00			321,038.00
Beijing Picom Telecommunications Equipment Ltd	1,854,910.00			1,854,910.00
Subtotal	2,596,863.00			2,596,863.00

(Continued)

Investees	Provision for impairment				Holding proportion in investees (%)	Cash dividend in current period
	Opening balance	Increase	Decrease	Closing balance		
Nanjing Yuhua Galvanization Factory					10.00	
Hangzhou Hongyan Electric Appliance Co., Ltd.					2.26	
Beijing Picom Telecommunications Equipment Ltd	1,854,910.00			1,854,910.00	51.00	
Subtotal	1,854,910.00			1,854,910.00		

10. Long-term equity investments

(1) Categories

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in associates	172,156,300.81		172,156,300.81	176,064,152.93		176,064,152.93
Investments in joint ventures	12,776,624.47		12,776,624.47	13,740,859.91		13,740,859.91
Total	184,932,925.28		184,932,925.28	189,805,012.84		189,805,012.84

(2) Details

Investees	Opening balance	Increase/decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Joint ventures					

Nanjing Prachanda Live Optical Network Co., Ltd	13,740,859.91			-964,235.44	
Subtotal	13,740,859.91			-964,235.44	
Associates					
Nanjing Putian Telege Cable Co., Ltd	2,595,484.28			216,448.43	
Nanjing Putian Zhongyou Telecommunication Co., Ltd	219,528.61		219,528.61		
Putian High Technology Industry Co., Ltd	168,922,896.40			719,311.70	
Nanjing Putian Datang Information Electronic Co., Ltd.	4,326,243.64			1,110,553.43	
Subtotal	176,064,152.93		219,528.61	2,046,313.56	
Total	189,805,012.84		219,528.61	1,082,078.12	

(Continued)

Investees	Increase/decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/profit declared for distribution	Provision for impairment	Others		
Joint ventures						
Nanjing Prachanda Live Optical Network Co., Ltd					12,776,624.47	
Subtotal					12,776,624.47	
Associates						
Nanjing Putian Telege Cable Co., Ltd					2,811,932.71	
Nanjing Putian Zhongyou Telecommunication Co., Ltd						
Putian High Technology Industry Co., Ltd		297,840.00			169,344,368.10	
Nanjing Putian Datang Information Electronic Co., Ltd.				-5,436,797.07		
Subtotal		297,840.00		-5,436,797.07	172,156,300.81	
Total		297,840.00		-5,436,797.07	184,932,925.28	

11. Investment property

Items	Buildings and structures	Land use right	Total
Cost			
Opening balance	6,390,269.42	3,642,147.87	10,032,417.29
Increase	37,578,942.33		37,578,942.33
1) Acquisition	30,341,895.40		30,341,895.40
2) Business combination	7,237,046.93		7,237,046.93
Decrease			
Closing balance	43,969,211.75	3,642,147.87	47,611,359.62
Accumulated depreciation and amortization			
Opening balance	2,503,951.87	1,284,731.31	3,788,683.18
Increase	9,508,850.78	119,960.64	9,628,811.42
1) Accrual	203,271.35	119,960.64	323,231.99
2) Acquisition	8,584,605.99		8,584,605.99
3) Business combination	720,973.44		720,973.44
Decrease			
Closing balance	12,012,802.65	1,404,691.95	13,417,494.60
Provision for impairment			
Opening balance	1,842,418.00		1,842,418.00
Increase			
Decrease			
Closing balance	1,842,418.00		1,842,418.00
Carrying amount			
Closing balance	30,113,991.10	2,237,455.92	32,351,447.02
Opening balance	2,043,899.55	2,357,416.56	4,401,316.11

12. Fixed assets

(1) Details

Items	Buildings and structures	Machinery equipment	Transport facilities
Cost			
Opening balance	123,369,266.53	75,162,112.96	14,952,046.08
Increase	8,232,713.16	5,501,956.99	849,717.75
1) Acquisition		224,388.67	394,803.75
2) Business combination	7,382,713.16	5,277,568.32	454,914.00

Items	Buildings and structures	Machinery equipment	Transport facilities
3) Transferred in from construction in progress	850,000.00		
Decrease	30,438,739.40	460,764.00	873,141.77
1) Disposal/scrap	96,844.00	460,764.00	873,141.77
2) Transferred to investment property	30,341,895.40		
Closing balance	101,163,240.29	80,203,305.95	14,928,622.06
Accumulated depreciation			
Opening balance	41,948,698.81	61,310,246.43	10,557,129.61
Increase	5,620,176.80	5,673,087.05	1,716,429.72
1) Accrual	4,506,939.42	2,706,800.43	1,369,124.96
2) Business combination	1,113,237.38	2,966,286.62	347,304.76
Decrease	8,602,871.84	368,991.53	819,471.18
1) Disposal/scrap	18,265.85	368,991.53	819,471.18
2) Transferred to investment property	8,584,605.99		
Closing balance	38,966,003.77	66,614,341.95	11,454,088.15
Provision for impairment			
Opening balance	539,124.00	573,461.78	
Increase			
Decrease			
Closing balance	539,124.00	573,461.78	
Carrying amount			
Closing balance	61,658,112.52	13,015,502.22	3,474,533.91
Opening balance	80,881,443.72	13,278,404.75	4,394,916.47

(Continued)

Items	Electronic equipment	Office facilities	Other equipment	Total
Cost				
Opening balance	6,916,261.73	10,567,645.87	36,324,722.70	267,292,055.87
Increase	52,564.10	1,041,472.28	1,583,324.26	17,261,748.54
1) Acquisition	52,564.10	333,941.00	1,583,324.26	2,589,021.78
2) Business combination		707,531.28		13,822,726.76
3) Other transfer in				850,000.00
Decrease		561,470.03	291,702.57	32,625,817.77
1) Disposal/scrap		561,470.03	291,702.57	2,283,922.37

2) Others				30,341,895.40
Closing balance	6,968,825.83	11,047,648.12	37,616,344.39	251,927,986.64
Accumulated depreciation				
Opening balance	5,661,212.07	8,044,359.95	30,800,253.63	158,321,900.50
Increase	146,597.38	1,221,722.66	1,365,085.53	15,743,099.14
1) Accrual	146,597.38	792,168.27	1,365,085.53	10,886,715.99
2) Business combination		429,554.39		4,856,383.15
Decrease		340,401.94	290,112.99	10,421,849.48
1) Disposal/scrap		340,401.94	290,112.99	1,837,243.49
2) Other transfer out				8,584,605.99
Closing balance	5,807,809.45	8,925,680.67	31,875,226.17	163,643,150.16
Provision for impairment				
Opening balance	847,107.16	92,064.43	307,895.29	2,359,652.66
Increase				
Decrease				
Closing balance	847,107.16	92,064.43	307,895.29	2,359,652.66
Carrying amount				
Closing balance	313,909.22	2,029,903.02	5,433,222.93	85,925,183.82
Opening balance	407,942.50	2,431,221.49	5,216,573.78	106,610,502.71

(2) Fixed assets temporarily idle

Items	Cost	Accumulated depreciation	Provision for impairment	Carrying amount	Note
Special equipment	2,157,790.39	1,238,749.69	919,040.70		
Other equipment	6,850.00	6,011.26	838.74		
Subtotal	2,164,640.39	1,244,760.95	919,879.44		

(3) Fixed assets with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
Production houses	7,741,495.91	No certification of land use right
Structures	1,938,289.69	No certification of land use right
Non-production houses	923,651.00	No certification of land use right
Subtotal	10,603,436.60	

13. Construction in progress

(1) Details

Projects	Closing balance		Opening balance	
	Book balance	Carrying amount	Book balance	Carrying amount
Nanjing Putian Yuhua Venture park	19,210,716.29	19,210,716.29	15,543,477.29	15,543,477.29
Cable production line	614,290.58	614,290.58	614,290.58	614,290.58
Employee dormitory	58,800.00	58,800.00		
Intelligent Building the East Gate	195,817.21	195,817.21		
Total	20,079,624.08	20,079,624.08	16,157,767.87	16,157,767.87

(2) Changes in significant projects

1) Details

Projects	Budgets	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance
Nanjing Putian Yuhua Venture park	56,835,000.00	15,543,477.29	3,667,239.00			19,210,716.29
Cable production line	700,000.00	614,290.58				614,290.58
Employee dormitory	986,353.00		850,000.00	850,000.00		
Intelligent Building the East Gate	228,000.00		195,817.21			195,817.21
Subtotal	58,749,353.00	16,157,767.87	4,713,056.21	850,000.00		20,020,824.08

(Continued)

Projects	Accumulated investment to budget (%)	Completion percentage (%)	Accumulated amount of borrowing cost capitalization	Amount of borrowing cost capitalization in current period	Annual capitalization rate (%)	Fund source
Nanjing Putian Yuhua Venture park	33.80	33.80				Self-owned
Cable production line	87.76	87.76				Self-owned
Employee dormitory						Self-owned
Intelligent Building the East Gate	85.88	85.88				Self-owned
Subtotal						

14. Intangible assets

Items	Software	Land use right	Patent right	Non-patent right	Total
Cost					

Items	Software	Land use right	Patent right	Non-patent right	Total
Opening balance	8,747,259.73	24,875,853.05	607,500.00	4,560,000.00	38,790,612.78
Increase	548,021.30	5,049,141.69			5,597,162.99
1) Acquisition	548,021.30				548,021.30
2) Business combination		5,049,141.69			5,049,141.69
Decrease					
Closing balance	9,295,281.03	29,924,994.74	607,500.00	4,560,000.00	44,387,775.77
Accumulated amortization					
Opening balance	6,022,998.04	3,297,699.19	607,500.00	4,560,000.00	14,488,197.23
Increase	1,115,901.43	633,373.67			1,749,275.10
1) Accrual	1,115,901.43	217,417.53			1,333,318.96
2) Business combination		415,956.14			415,956.14
Decrease					
Closing balance	7,138,899.47	3,931,072.86	607,500.00	4,560,000.00	16,237,472.33
Carrying amount					
Closing balance	2,156,381.56	25,993,921.88			28,150,303.44
Opening balance	2,724,261.69	21,578,153.86			24,302,415.55

15. Long-term prepayments

Items	Opening balance	Increase	Amortization	Other decreases	Closing balance
Canteen renovation		736,559.99	12,276.00		724,283.99
Office renovation		622,990.66	72,682.19		550,308.47
Total		1,359,550.65	84,958.19		1,274,592.46

16. Short-term borrowings

Items	Closing balance	Opening balance
Mortgage borrowings	79,000,000.00	78,000,000.00
Secured borrowings	324,000,000.00	384,000,000.00
Total	403,000,000.00	462,000,000.00

17. Notes payable

Items	Closing balance	Opening balance
Trade acceptance	16,816,997.65	25,529,854.40
Bank acceptance	100,000,000.00	45,279,794.10
Total	116,816,997.65	70,809,648.50

18. Accounts payable

(1) Details

Items	Closing balance	Opening balance
Material purchase fund	920,283,825.95	955,047,161.40
Project fund	275,630.35	730,366.97
Total	920,559,456.30	955,777,528.37

(2) Significant accounts payable with age over one year

Items	Closing balance	Reasons for unsettlement
Nanjing Huaheng Electrical Equipment Co., Ltd.	16,098,507.86	The settlement is not complete
Nanjing Yongxin Electric Appliance Co. Ltd	4,990,070.94	The settlement is not complete
Changzhou Runfa Photoelectric Communication Equipment Co., Ltd.	4,465,444.20	The settlement is not complete
Nanjing Huamai Information Equipment Factory	3,524,775.75	The settlement is not complete
Cixi Emerging Communication Equipment Co., Ltd.	3,382,980.52	The payment is based on schedule
POLYCOM ASIA PACIFIC PTE LTD	2,852,128.73	The settlement is not complete
Jiangsu Youke Communication Equipment Co. Ltd.	2,736,009.60	The payment is based on schedule
Yueqing Yuqiao Communication Electronic Co., Ltd.	2,581,796.22	The settlement is not complete
Shenzhen Techone Polytron Technologies Inc.	1,630,262.50	The payment is based on schedule
Nanjing Yishui Intelligent Co., Ltd	1,164,611.13	The settlement is not complete
Changzhou Puxin Machinery Room Equipment Co., Ltd.	1,015,514.10	The settlement is not complete
Subtotal	44,442,101.55	

19. Advances received

(1) Details

Items	Closing balance	Opening balance
Payment for goods	84,724,425.95	77,659,452.52
Total	84,724,425.95	77,659,452.52

(2) Significant advances received with age over one year

Items	Closing balance	Reasons for unsettlement
China Putian Information Industry Co., Ltd	8,158,434.00	The contract is still executing.
Liyang Municipal Construction of Water Conservancy Co., Ltd. Nanjing branch	1,936,142.03	The contract is still executing.
Subtotal	10,094,576.03	

20. Employee benefits payable

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Short-term employee benefits	16,664,127.11	201,787,114.72	199,757,917.02	18,693,324.81
Post-employment benefits - defined benefit plan		28,799,957.42	28,799,957.42	
Termination benefits		67,516.30	67,516.30	
Total	16,664,127.11	230,654,588.44	228,625,390.74	18,693,324.81

(2) Details of short-term employee benefits

Items	Opening balance	Increase	Decrease	Closing balance
Wage, bonus, allowance and subsidy	11,292,472.49	157,411,299.26	157,286,390.26	11,417,381.49
Employee welfare fund		15,881,656.49	15,881,656.49	
Social insurance premium		14,207,103.78	14,207,103.78	
Including: Medicare premium		12,833,986.90	12,833,986.90	
Occupational injuries premium		562,560.38	562,560.38	
Maternity premium		810,556.50	810,556.50	
Housing accumulation funds	77,654.69	10,525,650.10	10,525,650.10	77,654.69
Trade union fund and employee education fund	5,293,999.93	3,761,405.09	1,857,116.39	7,198,288.63
Subtotal	16,664,127.11	201,787,114.72	199,757,917.02	18,693,324.81

(3) Details of defined benefit plan

Items	Opening balance	Increase	Decrease	Closing balance
Basic endowment insurance premium		23,685,642.38	23,685,642.38	
Unemployment insurance premium		2,008,544.75	2,008,544.75	
Company annuity payment		3,105,770.29	3,105,770.29	
Subtotal		28,799,957.42	28,799,957.42	

21. Taxes and rates payable

Items	Closing balance	Opening balance
VAT	4,359,048.21	-4,379,156.83
Business tax	4,241.06	103,424.74
Enterprise income tax	4,776,137.86	4,363,615.72
Urban maintenance and construction tax	382,816.93	647,480.53
Housing property tax	104,371.54	
Land use tax	81,755.52	
Individual income tax	239,140.04	343,924.10
Education surcharge	230,611.20	443,173.76
Local education surcharge	40,189.39	17,651.58
Other tax	5,841.70	4,496.30
Total	10,224,153.45	1,544,609.90

22. Interest payable

Items	Closing balance	Opening balance
Short-term borrowings interest	691,830.29	
Total	691,830.29	

23. Dividend payable

(1) Details

Items	Closing balance	Opening balance
Dividend of ordinary shares	1,946,045.39	1,946,045.39
Total	1,946,045.39	1,946,045.39

(2) Significant dividend payable with age over one year

Items	Closing balance	Opening balance	Reasons for being unpaid
Jiangsu Huabang Mechanical and electrical equipment engineering Co., Ltd	253,832.01	253,832.01	The shareholder's signature is incomplete.
Ningbo Fengshien Plastic Co., Ltd	253,832.01	253,832.01	The shareholder's signature is incomplete.
Yuyao Guochang Electronic Co., Ltd	423,053.34	423,053.34	The shareholder's signature is incomplete.
Nanjing Yongxin Electrical Appliance Matching Co., Ltd.	253,832.01	253,832.01	The shareholder's signature is incomplete.
Jingjiang Huasheng Communication Equipment Co., Ltd.	84,610.67	84,610.67	The shareholder's signature is incomplete.

Jiangdu Yate Communications Plastic Products Co., Ltd (Jiangdu Branch)	423,053.34	423,053.34	The shareholder's signature is incomplete.
Zhenjiang Shengtang Photoelectric Device Co., Ltd	253,832.01	253,832.01	The shareholder's signature is incomplete.
Subtotal	1,946,045.39	1,946,045.39	

24. Other payables

Items	Closing balance	Opening balance
Deposits	3,742,703.59	3,499,960.59
Temporary receipts payable	20,135,992.26	13,959,294.89
Unsettled installation cost	29,443,834.85	29,503,489.93
Operating expense	3,964,370.78	3,685,361.19
Others	1,554,449.78	1,600,919.33
Total	58,841,351.26	52,249,025.93

25. Long-term payable

Items	Closing balance	Opening balance
Turnover fund	80,118.00	80,118.00
Total	80,118.00	80,118.00

26. Share capital

Items	Opening balance	Movements					Closing balance
		Issue of new shares	Bonus shares	Reserve transferred to shares	Others	Subtotal	
Total shares	215,000,000.00						215,000,000.00

27. Capital reserve

Items	Opening balance	Increase	Decrease	Closing balance
Share/capital premium	139,592,332.04			139,592,332.04
Other capital reserve	45,782,201.81			45,782,201.81

Total	185,374,533.85			185,374,533.85
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28. Other comprehensive income (OCI)

Items	Opening balance	Current period cumulative					Closing balance
		Current period cumulative before income tax	Less: OCI carried forward transferred to profit or loss	Less: income tax	Attributable to parent company	Attributable to non-controlling interest	
Items not to be reclassified subsequently to profit or loss							
Items to be reclassified subsequently to profit or loss	-3,264,432.90	-54,063.20			-54,063.20		-3,318,496.10
Translation difference of financial statements in foreign currencies	-3,264,432.90	-54,063.20			-54,063.20		-3,318,496.10
Total	-3,264,432.90	-54,063.20			-54,063.20		-3,318,496.10

29. Surplus reserve

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	589,559.77			589,559.77
Total	589,559.77			589,559.77

30. Undistributed profit

Items	Current period cumulative	Preceding period comparative
Balance before adjustment at the end of preceding period	-14,489,140.50	-19,387,788.41
Add: Increase due to adjustment (or less: decrease)		
Opening balance after adjustment	-14,489,140.50	-19,387,788.41
Add: Net profit attributable to owners of the parent company	-18,976,543.88	4,898,647.91
Closing balance	-33,465,684.38	-14,489,140.50

(II) Notes to items of the consolidated income statement

1. Operating revenue/cost

Items	Current period cumulative		Preceding period comparative	
	Income	Cost	Income	Cost
Revenue from main operation	2,232,195,364.54	1,886,904,339.99	2,385,934,374.09	2,035,900,188.71
Revenue from other operation	61,145,575.45	46,332,328.24	43,445,954.65	32,803,584.33
Total	2,293,340,939.99	1,933,236,668.23	2,429,380,328.74	2,068,703,773.04

2. Taxes and surcharge for operations

Items	Current period cumulative	Preceding period comparative
Business tax	675,164.03	1,433,810.51
Education surcharge	3,268,451.93	4,422,880.33
Urban maintenance and construction tax	4,572,383.70	6,202,083.55
Others	79,449.14	102,671.52
Total	8,595,448.80	12,161,445.91

3. Selling expenses

Items	Current period cumulative	Preceding period comparative
Salary	72,761,961.39	61,364,813.74
Business entertainment	21,759,827.82	27,422,054.03
Travel expenses	21,887,134.91	19,505,211.69
Transport fees and transport damages	19,618,790.95	17,499,053.18
Office expenses	16,947,000.29	16,658,519.81
Conference expenses	3,414,766.96	4,207,420.62
Sales service charge	2,337,617.91	2,631,985.96
Business publicity fees	2,388,000.11	2,481,064.42
Equipment maintain fees	2,949,049.52	1,364,550.00
Others	7,114,410.20	13,376,404.43
Total	171,178,560.06	166,511,077.88

4. Administrative expenses

Items	Current period cumulative	Preceding period comparative
Salary expenses	51,246,408.91	35,319,362.55
Technology development	50,876,689.60	66,329,948.46
Lease expense	8,983,294.76	9,625,986.32

Depreciation and amortization	5,050,644.29	4,802,230.42
Office expenses	5,036,872.27	3,725,103.71
Traveling expense	2,888,698.68	3,339,967.67
Business entertainment	2,594,805.62	3,473,896.54
Consulting, intermediary, legal fees	2,127,094.60	1,498,189.44
Taxation	1,923,969.00	2,426,668.46
Others	8,859,430.25	12,308,005.53
Total	139,587,907.98	142,849,359.10

5. Financial expenses

Items	Current period cumulative	Preceding period comparative
Interest expenditures	37,579,590.86	36,863,493.55
Less: Interest income	4,584,548.21	4,110,611.20
Exchange loss	66,907.28	56,457.51
Less: Exchange gain		132,584.73
Bank charges	363,717.29	289,867.14
Total	33,425,667.22	32,966,622.27

6. Assets impairment loss

Items	Current period cumulative	Preceding period comparative
Bad debts	7,101,221.36	4,058,994.45
Inventory write-down loss	3,104,313.62	
Total	10,205,534.98	4,058,994.45

7. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	1,082,078.12	-3,276,187.19
Gains on disposal of long-term equity investments	174,759.69	22,547,022.09
Investment income from available-for-sale financial assets		84,149.16
Gains on the difference between long-term equity investments at book value and at fair value when getting control by steps	3,276,764.14	

Total	4,533,601.95	19,354,984.06
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8. Non-operating revenue

(1) Details

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Gains on disposal of non-current assets	191,589.32	166,395.57	191,589.32
Including: Gains on disposal of fixed assets	191,589.32	105,121.33	191,589.32
Gains on disposal of intangible assets		61,274.24	
Gains on debt restructuring		428.13	
Government grants	6,772,127.16	5,290,766.74	6,772,127.16
Others	489,119.73	133,434.05	489,119.73
Total	7,452,836.21	5,591,024.49	7,452,836.21

(2) Government grants

Items	Current period cumulative	Preceding period comparative	Related to assets/income
Refund of VAT	4,563,264.16	3,169,066.74	Related to income
Service outsourcing rewards	1,200,000.00	1,500,000.00	Related to income
Enterprise Incentive payments	817,500.00	570,000.00	Related to income
Subsidy income	81,463.00	1,700.00	Related to income
A special fund to support small businesses	109,900.00	50,000.00	Related to income
Subtotal	6,772,127.16	5,290,766.74	

9. Non-operating expenditures

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Losses on disposal of non-current assets	125,998.81	20,479.69	125,998.81
Including: Losses on disposal of fixed assets	125,998.81	20,479.69	125,998.81
Losses on debt restructuring		30,865.75	
External donation	12,000.00	14,000.00	12,000.00
Penalty expenditure	183,991.85		183,991.85
Others	629,661.91	826,156.72	629,661.91
Total	951,652.57	891,502.16	951,652.57

10. Income tax expenses

(1) Details

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	16,670,494.96	13,234,161.80
Deferred income tax expenses		
Total	16,670,494.96	13,234,161.80

(2) Reconciliation of accounting profit to income tax expenses

Items	Current period cumulative
Profit before tax	8,145,938.31
Income tax expenses based on statutory tax rate	2,036,484.58
Effect of different tax rate applicable to subsidiaries	2,465,279.87
Effect of prior income tax reconciliation	-872,821.31
Effect of non-taxable income	
Effect of non-deductible costs, expenses and losses	1,111,040.84
Utilization of deductible losses not previously recognized	-406,379.60
Effect of deductible temporary differences or deductible losses not recognized	15,521,807.70
Income tax expenses	16,670,494.96

11. Other comprehensive income, net of income tax

Please refer to notes to other comprehensive income for details.

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

1. Other cash receipts related to operating activities

Items	Current period cumulative	Preceding period comparative
Interest income	4,584,548.21	4,110,611.20
Temporary receipts and the recovering of temporary payment	79,216,511.67	55,984,231.35
Others	1,945,434.03	2,121,700.00
Total	85,746,493.91	62,216,542.55

2. Other cash payments related to operating activities

Items	Current period cumulative	Preceding period comparative
Temporary payment and repayment of temporary receipts	55,737,280.25	25,375,334.43
Out of pocket expense	141,909,507.54	181,517,084.02

Others	4,081,192.72	7,014,878.00
Total	201,727,980.51	213,907,296.45

3. Other cash receipts related to investing activities

Items	Current period cumulative	Preceding period comparative
Cash and cash equivalents held by the subsidiary on the purchase date	3,593,903.04	
Total	3,593,903.04	

4. Supplement information to the cash flow statement

(1) Supplement information to the cash flow statement

Supplement information	Current period cumulative	Preceding period comparative
(1) Reconciliation of net profit to cash flow from operating activities:		
Net profit	-8,524,556.65	12,949,400.68
Add: Provision for assets impairment loss	10,205,534.98	4,058,994.45
Depreciation of fixed assets, oil and gas assets,productive biological assets	11,209,947.98	15,757,028.19
Amortization of intangible assets	1,333,318.96	1,807,787.95
Amortization of long-term prepayments	84,958.19	
Loss on disposal of fixed assets, intangible assets and other non-current assets (Less: gains)	-65,590.51	-147,167.11
Fixed assets retirement loss (Less: gains)		1,251.23
Losses on changes in fair value (Less: gains)		
Financial expenses (Less: gains)	37,646,498.14	36,863,493.55
Investments losses (Less: gains)	-4,533,601.95	-19,354,984.06
Decrease of deferred tax assets (Less: increase)		
Increase of deferred tax liabilities (Less: decrease)		
Decrease in inventories (Less: increase)	-27,042,395.14	32,839,649.17
Decrease in operating receivables (Less: increase)	44,414,473.65	-97,033,086.36
Increase of operating payables (Less: decrease)	6,290,448.68	58,953,966.71
Others		
Net cash flow from operating activities	71,019,036.33	46,696,334.40
(2) Significant investing and financing activities not related to cash receipts and payments:		

Supplement information	Current period cumulative	Preceding period comparative
Conversion of debt into share capital		
Convertible bonds due within one year		
Fixed assets rented in under finance leases		
(3) Net changes in cash and cash equivalents:		
Cash at the end of the period	375,372,939.94	402,037,725.25
Less: Cash at the beginning of the period	402,037,725.25	429,693,529.41
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase of cash and cash equivalents	-26,664,785.31	-27,655,804.16

(2) Net cash payment for acquisition of subsidiaries in current period

Items	Current period cumulative
Cash and cash equivalents paid in current period as consideration for business combination in current period	
Less: Cash and cash equivalents held by subsidiaries at the acquisition date	3,593,903.04
Including: Nanjing Putian Datang Information Electronic Co., Ltd.	3,593,903.04
Add: Cash and cash equivalents paid in current period as consideration for business combination in prior periods	
Net cash payment for acquisition of subsidiaries in current period	-3,593,903.04

(3) Cash and cash equivalents

Items	Closing balance	Opening balance
1) Cash	375,372,939.94	402,037,725.25
Including: Cash on hand	18,655.93	10,154.33
Cash in bank on demand for payment	375,354,284.01	402,027,570.92
Other cash and bank balances on demand for payment		
Central bank deposit on demand for payment		
Deposit in other banks		
Loans to other banks		

2) Cash equivalents		
Including: Bond investments maturing within three months		
3) Cash and cash equivalents at the end of the period	375,372,939.94	402,037,725.25
Including: Cash and cash equivalents of parent company or subsidiaries with use restrictions	45,213,707.82	60,587,270.94

Remark: Cash and cash equivalents of parent company or subsidiaries with use restrictions belongs to the acceptance deposit and the letter of guarantee deposit.

(IV) Others

1. Assets with title or use right restrictions

Items	Closing carrying amount	Reasons for restrictions
Cash and bank balances	55,213,707.82	acceptance deposit and letter of guarantee deposit
Financial assets at fair value through profit or loss	21,558,350.95	To provide guarantee for loans
Fixed assets	34,963,346.78	To provide guarantee for loans
Intangible assets	10,356,098.33	To provide guarantee for loans
Total	122,091,503.88	

2. Monetary items in foreign currencies

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent
Cash and bank balances	2,224,139.37		9,902,443.40
Including: USD	1,414,751.08	6.1190	8,656,861.85
HKD	718,392.64	0.7889	566,718.40
EUR	90,786.86	7.4556	676,870.51
GBP	208.79	9.5437	1,992.63
Accounts receivable	774,861.19		4,741,375.62
Including: USD	774,861.19	6.1190	4,741,375.62
Accounts payable	4,493,882.38	0.7889	3,533,359.51
Including: HKD	4,493,882.38	0.7889	3,533,359.51

VI. Changes in the consolidated scope

(I) Business combination not under common control

1. Business combination not under common control in current period

(1) Basic information

Acquirees	Equity acquisition date	Equity acquisition cost	Proportion of equity acquired (%)	Equity acquisition method
Nanjing Putian Datang Information Electronic Co., Ltd.	16 August, 2005	4 million	40.00	Investment

(Continued)

Acquirees	Acquisition date	Determine basis for acquisition date	Acquiree's income from acquisition date to period end	Acquiree's net profit from acquisition date to period end
Nanjing Putian Datang Information Electronic Co., Ltd.	31 May, 2014	Date of controlling	21,605,788.97	4,801,676.76

(2) Others

The company holds 40% of shares in Nanjing Putian Datang Information Electronic Co., Ltd.. The company signed an agreement with the shareholder of Putian Datang - Yan yaoming to exercise his 21% right to vote on behalf of him. The agreement is valid during the period of the existence of Nanjing Putian Datang Information Electronic Co., Ltd.. The company has 61% of voting right in Nanjing Putian Datang Information Electronic Co., Ltd..

2. Combination costs and goodwill

(1) Details

Items	Nanjing Putian Datang Information Electronic Co., Ltd.
Combination costs	
Acquisition-date fair value of equity held before the acquisition date	8,713,561.21
Total combination costs	8,713,561.21
Less: share of fair value of net identifiable assets acquired	8,713,561.21
Balance of total combination costs after deducting share of fair value of net identified assets acquired	

(2) Determination method of fair value of combination costs and their movements

The fair value of the business combination cost refers to the appraised amount in the Guorong Xinghua PBZ (2014) No. 020083 - the assessment report which is carried out by Beijing Guorongxinghua Assets Appraisal Co. Ltd with the base date of 30 April 2014.

3. Acquisition-date identifiable assets and liabilities of acquirees

(1) Details

Items	Nanjing Putian Datang Information Electronic Co., Ltd.	
	Acquisition-date fair value	Acquisition-date carrying amount

Items	Nanjing Putian Datang Information Electronic Co., Ltd.	
	Acquisition-date fair value	Acquisition-date carrying amount
Assets	3,593,903.04	3,593,903.04
Cash and bank balances	820,000.00	820,000.00
Notes receivable	3,881,482.65	3,881,482.65
Accounts receivable	702,372.17	702,372.17
Advances paid	5,303,972.92	5,303,972.92
Other receivable	2,424,473.10	1,779,546.07
Inventories	6,621,215.45	3,100,527.54
Investment property	9,634,754.78	7,853,401.04
Fixed assets	4,633,185.52	2,388,243.86
Intangible assets	66,418.09	66,418.09
Derivative financial assets		
Liabilities	3,000,000.00	3,000,000.00
Borrowings	1,885,819.06	1,885,819.06
Accounts payable	6,291,903.00	6,291,903.00
Tax payable	590,696.67	590,696.67
Interest payable	128,350.00	128,350.00
Other payables	4,001,105.97	4,001,105.97
Net assets	21,783,903.02	13,591,992.68
Less: Non-control-ling interest		
Net assets acquired	21,783,903.02	13,591,992.68

(2) Fair value determination method on identifiable assets and liabilities

The fair value of identifiable assets and liabilities refers to the appraised amount in the Guorong Xinghua PBZ (2014) No. 020083 - the assessment report which is carried out by Beijing Guorongxinghua Assets Appraisals Co. Ltd with the base date of 30 April 2014.

4. Gains/losses on fair value remeasurement of equity held before the acquisition date

Acquirees	Acquisition-date carrying amount of equity held before the acquisition date	Acquisition date fair value of equity held before the acquisition date	Gains/losses on fair value remeasurement of equity held before the acquisition date	Determination method and significant assumptions on acquisition-date fair value of equity held before the acquisition date	Changes in other comprehensive income/equity related to equity held before the acquisition date transferred to investment income
Nanjing Putian Datang Information Electronic Co., Ltd.	5,436,797.07	8,713,561.21	3,276,764.14	refer to the appraised amount in the Guorong Xinghua PBZ (2014) No. 020083 - the assessment report	

VII. Equity in other entities

(I) Equity in significant subsidiaries

(1) Basis information

Subsidiaries	Main operating place	Place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
Nanjing Southern Telecommunications Company Limited	Nanjing	Nanjing	Manufacture	97.00	1.24	found
Nanjing Mennekes Electrics Co., Ltd.	Nanjing	Nanjing	Manufacture	75.00		found
Nanjing Putian Intelligent Building Ltd.	Nanjing	Nanjing	Manufacture	45.767		found
Nanjing Putian Changle Telecommunications Equipment Co., Ltd.	Nanjing	Nanjing	Manufacture	50.70		found
Nanjing Putian Datang Information Electronic Co., Ltd.	Nanjing	Nanjing	Manufacture	40.00		found

(2) Other remarks

1) Remarks on inconsistency between holding proportion owned and voting rights proportion owned in subsidiaries

The company holds 40% of shares in Nanjing Putian Datang Information Electronic Co., Ltd.. The company signed an agreement with the shareholder of Putian Datang - Yan yaoming to exercise his 21% right to vote on behalf of him. The agreement is valid during the period of the existence of Nanjing Putian Datang Information Electronic Co., Ltd.. The company has 61% of voting right in Nanjing Putian Datang Information Electronic Co., Ltd..

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

The company holds 45.767% of voting rights in Nanjing Putian Intelligent Building Ltd., the proportion of the remaining voting rights are held by other people which are dispersive. The company has over the half number of board of directors with the invested party right and enjoys variable returns by taking part in the invested party's related activity. The company has the power in the invested party to influence the returned amount and controls it.

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
Nanjing South Telecommunications Co., Ltd.	1.76%	409,624.57		2,321,179.84

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
Nanjing Mennekes Electrics Co., Ltd.	25.00%	1,130,602.19	250,000.00	21,554,862.04
Nanjing Putian Intelligent Building Ltd.	54.233%	7,720,344.37	5,423,300.00	46,886,112.76
Nanjing Putian Changle Telecommunications Equipment Co., Ltd.	49.30%	3,301,276.47		15,399,814.01
Nanjing Putian Datang Information Electronic Co., Ltd.	40.00%	3,487,511.59		14,998,564.71

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

(1) Assets and liabilities

Subsidiaries	Closing balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Nanjing South Telecommunications Co., Ltd.	415,445,394.73	13,158,641.79	428,604,036.52	296,718,817.95		296,718,817.95
Nanjing Mennekes Electrics Co., Ltd.	90,560,105.88	37,650,384.06	128,210,489.94	41,991,041.79		41,991,041.79
Nanjing Putian Intelligent Building Ltd.	234,334,234.49	44,498,703.51	278,832,938.00	192,379,832.43		192,379,832.43
Nanjing Putian Changle Telecommunications Equipment Co., Ltd.	128,720,398.00	762,801.43	129,483,199.43	98,246,254.17		98,246,254.17
Nanjing Putian Datang Information Electronic Co., Ltd.	16,987,067.78	18,980,694.68	35,967,762.46	10,970,154.61		10,970,154.61

(Continued)

Subsidiaries	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Nanjing South Telecommunications Co.,	382,967,209.26	13,348,271.67	396,315,480.93	287,704,385.55		287,704,385.55

Subsidiaries	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Ltd.						
Nanjing Mennekes Electrics Co., Ltd.	90,887,803.80	39,584,429.70	130,472,233.50	47,775,194.10		47,775,194.10
Nanjing Putian Intelligent Building Ltd.	204,830,197.19	45,038,469.81	249,868,667.00	167,651,071.85		167,651,071.85
Nanjing Putian Changle Telecommunications Equipment Co., Ltd.	121,192,537.19	821,581.72	122,014,118.91	97,473,474.81		97,473,474.81

(2) Profit or loss and cash flows

Subsidiaries	Current period cumulative			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Nanjing South Telecommunications Co., Ltd.	634,649,772.85	23,274,123.19	23,274,123.19	27,867,134.01
Nanjing Mennekes Electrics Co., Ltd.	121,419,524.15	4,522,408.75	4,522,408.75	-7,092,104.26
Nanjing Putian Intelligent Building Ltd.	308,797,267.30	14,235,510.42	14,235,510.42	44,843,815.48
Nanjing Putian Changle Telecommunications Equipment Co., Ltd.	125,175,052.19	6,696,301.16	6,696,301.16	-915,321.02
Nanjing Putian Datang Information Electronic Co., Ltd.	37,211,930.68	5,812,519.32	5,812,519.32	3,842,778.01

(Continued)

Subsidiaries	Preceding period comparative			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Nanjing South Telecommunications Co., Ltd.	618,282,660.32	21,391,172.69	21,391,172.69	26,294,137.81
Nanjing Mennekes Electrics Co., Ltd.	113,688,537.35	2,993,196.29	2,993,196.29	4,538,664.34
Nanjing Putian Intelligent Building Ltd.	270,614,806.24	14,293,161.82	14,293,161.82	9,194,900.88
Nanjing Putian Changle Telecommunications Equipment Co., Ltd.	150,993,575.11	1,946,566.58	1,946,566.58	8,104,198.36

(II) Equity 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	
Nanjing Prachanda Live Optical Network Co., Ltd	Nanjing	Nanjing	Optical communication of production	50.00		Equity method
Putian High Technology Industry Co., Ltd.	Nanjing	Nanjing	Industrial park venue rental management etc	49.64		Equity method

2. Main financial information of significant joint ventures

Items	Closing balance/current period cumulative			Opening balance/last period cumulative
	Nanjing	Prachanda	Live	Optical Network Co., Ltd
Current assets	47,887,390.76			65,709,313.28
Including: Cash and cash equivalents	2,120,617.06			8,932,391.01
Non-current assets	2,149,009.45			3,596,109.27
Total assets	50,036,400.21			69,305,422.55
Current liabilities	24,483,151.27			41,823,702.74
Non-current liabilities				
Total liabilities	24,483,151.27			41,823,702.74
Non-controlling interest				
Equity attributable to owners of parent company	25,553,248.94			27,481,719.81
Proportionate share in net assets	12,776,624.47			13,740,859.91
Adjustments				
Goodwill				
Unrealized profit in internal trading				
Others				
Carrying amount of investments in joint ventures				
Fair value of equity investments in joint ventures in association with quoted price				
Operating revenue	32,196,787.32			45,594,762.31
Financial expenses	-123,383.91			650,209.08
Income tax expenses				-261,526.49
Net profit	-1,928,470.87			-11,940,761.63
Net profit of discontinued operations				
Other comprehensive income				
Total comprehensive income	-1,928,470.87			-11,940,761.63
Dividend from joint ventures received in current period				

3. Main financial information of significant associates

Items	Closing balance/current period cumulative	Opening balance/last period cumulative
	Putian High Technology Industry Co., Ltd.	
Current assets	206,849,649.56	202,139,682.43
Non-current assets	137,272,735.26	141,018,716.99
Total assets	344,122,384.82	343,158,399.42
Current liabilities	2,977,404.77	2,460,908.74
Non-current liabilities		
Total liabilities	2,977,404.77	2,460,908.74
Non-controlling interest		
Equity attributable to owners of parent company	341,144,980.05	340,697,490.68
Proportionate share in net assets	169,344,368.10	169,122,234.37
Adjustments		
Goodwill		
Unrealized profit in internal trading		
Others		
Carrying amount of investments in joint ventures	169,344,368.10	168,922,896.40
Fair value of equity investments in joint ventures in association with quoted price		
Operating revenue	18,981,308.51	15,734,357.17
Net profit	1,047,489.37	726,904.20
Net profit of discontinued operations		
Other comprehensive income		
Total comprehensive income	1,047,489.37	726,904.20
Dividend from joint ventures received in current period	297,840.00	297,840.00

4. Aggregated financial information of insignificant joint ventures and associates

Items	Closing balance/current period cumulative	Opening balance/preceding period comparative
Joint ventures		
Total carrying amount of investments	2,811,932.71	2,595,484.28
Proportionate shares in the following items		
Net profit	216,448.43	108,711.27
Other comprehensive income		
Total comprehensive income	216,448.43	108,711.27

VIII. Risks related to financial instruments

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

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

(I) Credit risk

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

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

1. The company's cash in bank is kept in the high-credit-rating financial institution, therefore the credit risk is low.

2. Accounts receivable and notes receivable

As the Company only conducts business with credible and well-reputed third parties, . Normally, the Group does not obtain collateral from customers. The Company manages credit risk aggregated by customers. As of December 31, 2014, the Company's risks were centered in certain credit risks, and 15.07% (2013: 17.58 %) of the total accounts receivable was due from the five largest customers of the Company. The Company held no collateral or other credit enhancement on balance of receivables.

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

Items	Closing balance				
	Neither past due nor impaired	Past due but not impaired			Total
		Within one year	1-2 years	Over 2 years	
Notes receivable	34,375,641.37				34,375,641.37
Accounts receivable	653,605,556.40		75,472,435.95		729,077,992.35
Other receivables	21,657,023.03		3,298,238.94		24,955,261.97
Subtotal	709,638,220.80		78,770,674.89		788,408,895.69

(Continued)

Items	Opening balance				
	Neither past due nor impaired	Past due but not impaired			Total
		Within one year	1-2 years	Over 2 years	
Notes receivable	21,919,480.05				21,919,480.05
Accounts receivable	681,376,267.27		93,417,717.17		774,793,984.44
Other receivables	24,774,268.66		19,076,420.17		43,850,688.83
Subtotal	728,070,015.98		112,494,137.34		840,564,153.32

(2) Please refer to notes to account receivable for details of individually impaired account receivable.

(II) Liquidity risk

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

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

Financial instruments classified based on remaining time period till maturity

Items	Closing balance				
	Carrying amount	Contract amount not yet discounted	Within one year	1-3 years	Over 3 years
Bank borrowings	403,000,000.00	413,727,139.73	413,727,139.73		
Notes payable	116,816,997.65	116,816,997.65	116,816,997.65		
Accounts payable	920,559,456.30	920,559,456.30	920,559,456.30		
Interest payable	691,830.29	691,830.29	691,830.29		
Dividend payable	1,946,045.39	1,946,045.39	1,946,045.39		
Long-term payable	80,118.00	80,118.00			80,118.00
Subtotal	1,443,094,447.63	1,453,821,587.36	1,453,741,469.36		80,118.00

(Continued)

Items	Opening balance				
	Carrying amount	Contract amount not yet discounted	Within one year	1-3 years	Over 3 years
Bank borrowings	462,000,000.00	473,735,128.77	473,735,128.77		
Notes payable	70,809,648.50	70,809,648.50	70,809,648.50		
Accounts payable	955,777,528.37	955,777,528.37	955,777,528.37		
Dividend payable	1,946,045.39	1,946,045.39	1,946,045.39		
Long-term payable	80,118.00	80,118.00			80,118.00
Subtotal	1,490,613,340.26	1,502,348,469.03	1,502,268,351.03		80,118.00

(III) Market risk

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

1. Interest risk

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

As of December 31, 2014, balance of borrowings with interest accrued at certain basis point higher from statutory benchmark interest rate totaled 403,000, 000.00 yuan (2013: 462,000,000.00 yuan). If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's gross profit and equity will not be significantly affected.

2. Foreign currency risk

Foreign currency risk is the risk arising from changes in exchange rate. The Company is mainly operated in mainland China with a small amount of imports and exports, whose main activities are denominated in RMB, hence, the Company bears insignificant market risk arising from foreign exchange changes.

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

IX. Related party relationships and transactions

(I) Related party relationships

1. Parent company

(1) Parent company

Parent company	Place of registration	Business nature	Registered capital (unit:RMB' 0000)	Holding proportion over the Company (%)	Voting right proportion over the Company (%)
China Putian Information Industry Co., Ltd.	No. 2 Tudi 2 Road, Zhongguan village economy zone, Haidian district, Beijing	Information industry	190,305.00	53.49	53.49

(2) The ultimate controlling party of the company is China Putian Information Industry Co..

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

3. Joint ventures and associates of the Company

Please refer to notes to equity in other entities for details on the Company's significant joint ventures and associates. Details of other joint ventures or associates carrying out related party transactions with the Company in current period or in preceding period but with balance in current period are as follows:

Joint ventures or associates	Relationships with the Company
Putian High Technology Industry Co., Ltd.	Joint ventures
Nanjing Prachanda Live Optical Network Co., Ltd	Associates

4. Other related parties of the Company

Related parties	Relationships with the Company
-----------------	--------------------------------

Related parties	Relationships with the Company
China Putian Information Industry Co..	Controlling shareholder of the parent company
Chengdu Putian Telecommunications Cable Co, Ltd.	Controlled by the parent company
Nanjing Putian Swanking Electrical Co., Ltd	Controlled by the parent company
Putian Institute of Technology Co., Ltd.	Controlled by the parent company
Shanghai Putian Post And Telecommunications Technology Co., Ltd.	Controlled by the parent company
Beijing Great Gragon Information Technology International Co.,Ltd.	Controlled by the parent company
Hangzhou Hongyan Dongbei Photoelectric Technology Co., Ltd.	Controlled by the parent company
Shanghai Putian Network Technology Co., LTD	Controlled by the parent company
PUTIAN Telecommunications Co., Ltd.	Controlled by the parent company
Beijing Picom Telecommunications Equipment Co., Ltd	An auxiliary unit

(II) Related party transactions

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

(1) Purchase of goods and receiving of services

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
Nanjing Prachanda Live Optical Network Co., Ltd	Telecommunications	25,786,962.29	40,186,754.67
Nanjing Putian Swanking Electrical Co., Ltd	Telecommunications	1,085,481.44	

2) Sale of goods and rendering of services

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
Putian Information Technology Company Ltd.	Telecommunications	4,158,609.40	2,176,878.63
China Putian Information Industry Co., Ltd.	Telecommunications	33,155,902.25	82,746,402.49
Beijing Great Gragon Information Technology International Co.,Ltd.	Telecommunications	701,647.86	
Putian Telecommunications Co., Ltd.	Telecommunications	361,147.44	
Hangzhou Hongyan Dongbei Photoelectric Technology Co., Ltd.	Telecommunications	26,299.15	
Shanghai Putian Post And Telecommunications Technology Co., Ltd.	Telecommunications	237,688.03	

2. Related party leases

(1) Details

1) The Company as the lessor

Lessees	Types of asset leased	Lease income for current period	Lease income for the preceding period
Nanjing Prachanda Live Optical Network Co., Ltd	Building and structure	550,000.00	

2) The Company as the lessee

Lessors	Types of asset leased	Lease expenses for current period	Lease expenses for the preceding period	Property services for current period	Property services for preceding period
Putian High Technology Industry Co., Ltd.	Building and structure	10,315,960.00	10,887,463.68	2,357,039.00	2,595,588.15

(2) Other remarks

3. Related party guarantees

(1) Details

1) The Company and its subsidiaries as guaranteed parties

Guarantors	Amount guaranteed	Commencement date	Maturity date	Whether the guarantee is mature
China Putian Information Industry Group Co.	20,000,000.00	2014-7-22	2015-2-5	No
China Putian Information Industry Group Co.	30,000,000.00	2014-7-15	2015-1-29	No
China Putian Information Industry Group Co.	30,000,000.00	2014-7-29	2015-2-10	No
China Putian Information Industry Group Co.	30,000,000.00	2014-9-19	2015-9-18	No
China Putian Information Industry Group Co.	30,000,000.00	2014-12-3	2015-6-3	No
China Putian Information Industry Group Co.	20,000,000.00	2014-12-9	2015-6-9	No
China Putian Information Industry Group Co.	44,000,000.00	2014-5-5	2015-5-5	No
China Putian Information Industry Group Co.	30,000,000.00	2014-6-5	2015-6-5	No
China Putian Information Industry Group Co.	20,000,000.00	2014-12-8	2015-12-8	No
China Putian Information Industry Group Co.	10,000,000.00	2014-3-31	2015-3-23	No

Guarantors	Amount guaranteed	Commencement date	Maturity date	Whether the guarantee is mature
China Putian Information Industry Group Co.	30,000,000.00	2014-9-23	2015-9-22	No
China Putian Information Industry Group Co.	20,000,000.00	2014-7-2	2015-1-2	No
China Putian Information Industry Group Co.	20,000,000.00	2014-9-9	2015-3-9	No
China Putian Information Industry Group Co.	10,000,000.00	2014-9-24	2015-3-24	No

4. Key management's emoluments

Items	Current period cumulative	Preceding period comparative
Key management's emoluments	1,208,000.00	1,346,100.00

(III) Balance due to or from related parties

1. Balance due from related parties

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Nanjing Putian Zhongyou Telecommunication Co., Ltd.			384,272.80	
Accounts receivable	China Putian Information Industry Co., Ltd.	17,160,807.69	146,988.82	24,186,245.18	2,936.37
Accounts receivable	Putian Information Technology Company Ltd.	2,937,684.00		80,784.00	
Accounts receivable	Shanghai Putian Network Technology Co., LTD	598,079.70	47,698.47	1,065,629.70	
Accounts receivable	Shanghai Putian Youtong Technology Co., Ltd	12,978,934.00	1,297,893.40	13,341,700.00	
Accounts receivable	PUTIAN Telecommunications Co., Ltd.	338,034.00			
Subtotal		34,013,539.39	1,492,580.69	39,060,108.80	2,936.37
Other receivables	China Putian Information Industry Co., Ltd	1,380,000.00		17,500.00	
Other receivables	Beijing Picom Telecommunications Equipment Co., Ltd	28,912,122.71	28,912,122.71	28,912,122.71	28,912,122.71
Subtotal		30,292,122.71	28,912,122.71	28,929,622.71	28,912,122.71

2. Balance due to related parties

Items	Related parties	Closing balance	Opening balance
Accounts payable	Nanjing Prachanda Live Optical Network Co., Ltd	36,564,775.61	49,444,830.71
Accounts payable	China Putian Information Industry Co., Ltd	17,110,160.00	21,290,106.90
Accounts payable	Chengdu Putian Telecommunications Cable CO., Ltd.		514,074.00
Accounts payable	Putian High Technology Industry Co., Ltd.	219,850.68	74,127.24
Accounts payable	Nanjing Putian Swanking Electrical Co., Ltd	744,613.02	2,002.01
Accounts payable	Shanghai Putian Network Technology Co., LTD	11,685.00	11,685.00
Subtotal		54,651,084.31	71,336,825.86
Advances received	China Putian Information Industry Co., Ltd	8,158,434.00	8,163,434.00
Advances received	China Putian Information Industry Group	12,590.00	22,990.00
Subtotal		8,171,024.00	8,186,424.00
Other payables	Putian High Technology Industry Co., Ltd.	1,991,947.51	974,661.69
Other payables	Nanjing Prachanda Live Optical Network Co., Ltd	1,372,064.01	155,951.65
Subtotal		3,364,011.52	1,130,613.34

X. Commitments and contingencies

Off the balance sheet date, there is no significant commitment matters to reveal.

XI. Other significant events

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 and liabilities shared by different segments are allocated between segments proportionate to their respective size.

2. Financial information of reportable segments

products segment

Items	Video conferencing	Generic cable	Electrical products	Wiring products	Inter-segment offsetting	Total
Revenue from main operations	634,299,772.85	305,036,225.15	120,313,467.75	1,399,226,347.31	226,680,448.52	2,232,195,364.54
Cost of main operations	528,271,482.09	244,732,847.91	89,995,703.24	1,249,939,828.24	226,035,521.49	1,886,904,339.99
Total assets	428,604,036.51	278,832,938.00	128,210,489.94	1,618,644,323.14	371,431,579.36	2,082,860,208.23
Total liabilities	296,718,817.95	192,379,832.43	41,991,041.79	1,289,581,422.43	205,093,411.50	1,615,577,703.10

XII. Notes to items of parent company financial statements

(I) Notes to items of parent company balance sheet

1. Accounts receivable

(1) Details

1) Details on categories

Categories	Closing balance				
	Book 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	459,359,209.84	99.60	12,051,731.57	2.62	447,307,478.27
Portfolio 1					
Portfolio 2	459,359,209.84	99.60	12,051,731.57	2.62	447,307,478.27
Receivable of individually insignificant amount but with provision made on an individual basis	1,837,610.12	0.40	1,837,610.12	100.00	
Total	461,196,819.96	100.00	13,889,341.69		447,307,478.27

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	

Categories	Opening balance				Carrying amount
	Book balance		Provision for bad debts		
	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	492,444,849.61	99.63	8,039,017.60	1.63	484,405,832.01
Portfolio 1					
Portfolio 2	492,444,849.61	99.63	8,039,017.60	1.63	484,405,832.01
Receivable of individually insignificant amount but with provision made on an individual basis	1,837,610.12	0.37	1,837,610.12	100.00	
Total	494,282,459.73	100.00	9,876,627.72	--	484,405,832.01

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

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	384,716,128.84		
1-2 years	35,501,354.84		
2-3 years	24,659,705.20	2,465,970.52	10.00
3-4 years	4,780,782.19	1,434,234.66	30.00
4-5 years	2,073,844.13	829,537.65	40.00
5-6 years	1,527,029.49	1,221,623.59	80.00
Over 6 years	6,100,365.15	6,100,365.15	100.00
Subtotal	459,359,209.84	12,051,731.57	2.62

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

Provision for bad debts made in current period totaled 4,012,713.97 yuan, and collected or reversed in current period totaled 0.00 yuan.

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

Debtors	Book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
China Telecom Co., Ltd. Jiangsu Branch	35,964,901.49	7.80	
Agricultural Bank of China	28,377,506.11	6.15	

Shanghai Putian Youtong Technology Co., Ltd	12,978,934.00	2.81	1,297,893.40
Taiping Life Insurance Co., Ltd.	10,419,000.00	2.26	
China Putian Information Industry Co., Ltd	10,308,304.24	2.24	
Subtotal	98,048,645.84	21.26	1,297,893.40

2. Other receivables

(1) Details

1) Details on categories of other receivables

Categories	Closing balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis	32,997,289.04	45.71	32,997,289.04	100.00	
Receivables with provision made on a collective basis using portfolios with similar credit risk features	39,188,076.35	54.29	11,560,362.54	33.54	27,627,713.81
Portfolio 1	4,720,257.57	6.54			4,720,257.57
Portfolio 2	34,467,818.78	47.75	11,560,362.54	33.54	22,907,456.24
Receivable of individually insignificant amount but with provision made on an individual basis					
Total	72,185,365.39	100.00	44,557,651.58	61.73	27,627,713.81

(Continued)

Categories	Opening balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis	32,997,289.04	28.41	32,997,289.04	100	
Receivables with provision made on a collective basis using portfolios with similar credit risk features	83,142,195.85	71.59	10,477,828.68	18.40	72,664,367.17
Portfolio 1	26,189,080.33	22.55			26,189,080.33
Portfolio 2	56,953,115.52	49.04	10,477,828.68	18.40	46,475,286.84
Receivable of individually insignificant amount but with					

provision made on an individual basis					
Total	116,139,484.89	100.00	43,475,117.72	37.43	72,664,367.17

2) Other receivables of individually significant amount and with provision made on an individual basis

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons for provision made
Putian Telecommunications (H.K.) Co., Ltd.	4,085,166.33	4,085,166.33	100.00	Aging longer difficult to recover
Beijing Picom Telecommunications Equipment Co., Ltd	28,912,122.71	28,912,122.71	100.00	Aging longer difficult to recover
Subtotal	32,997,289.04	32,997,289.04	--	

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

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	14,106,414.36		
1-2 years	2,196,894.24		
2-3 years	3,137,913.52	313,791.35	10.00
3-4 years	949,358.32	284,807.50	30.00
4-5 years	1,574,533.35	629,813.34	40.00
5-6 years	10,853,773.22	8,683,018.58	80.00
Over 6 years	1,648,931.77	1,648,931.77	100.00
Subtotal	34,467,818.78	11,560,362.54	34.54

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

Provisions for bad debts made in current period totaled 1,082,533.86 yuan, and collected or reversed in current period totaled 0.00 yuan.

(3) Other receivables categorized by nature

Nature of receivables	Closing balance	Opening balance
Fund for travelling	1,083,920.29	2,482,105.92
Deposit as security	7,141,319.73	10,826,057.81
Temporary advance payment receivable	63,324,673.04	100,606,222.85
Others	635,452.33	2,225,098.31
Total	72,185,365.39	116,139,484.89

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

Debtors	Nature of receivables	Book balance	Age	Proportion to the total balance of other receivables (%)	Provision for bad debts
Beijing Picom Telecommunications Equipment Ltd	Temporary advance payment receivable	28,912,122.71	6 years	40.05	28,912,122.71
Yuhua Peoples ' Government Nanning Office	Temporary advance payment receivable	10,000,000.00	5-6 years	13.85	8,000,000.00
Nanjing Putian Telecommunication Technology Co., LTD	Temporary advance payment receivable	133,074.72	Within 1 year	0.18	
		4,353,542.95	1-2 years	6.03	
Putian Telecommunications (H.K.) Co., Ltd.	Temporary advance payment receivable	4,085,166.33	Over 6 years	5.66	4,085,166.33
China Mobile Communication Co., Ltd. Jiangsu Branch	Temporary advance payment receivable	3,150,000.00	Within 1 year	4.36	
Subtotal		50,633,906.71		70.14	40,997,289.04

3. Long-term equity investments

(1) Categories

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	173,787,270.64	1,910,520.00	171,876,750.64	168,350,473.57		168,350,473.57
Investments in associates and joint ventures	182,120,992.57		182,120,992.57	187,209,528.56		187,209,528.56
Total	355,908,263.21	1,910,520.00	353,997,743.21	355,560,002.13		355,560,002.13

(2) Investments in subsidiaries

Investees	Opening balance	Increase	Decrease	Closing balance	Provision for impairment made in current period	Closing balance of provision for impairment
Nanjing Mennekes Electrics Co., Ltd.	57,831,011.71			57,831,011.71		
Nanjing Bada Telecommunication s Equipment Co., Ltd.	5,610,000.00			5,610,000.00		
Nanjing Putian Changle Telecommunication s Equipment Co.,	2,610,457.00			2,610,457.00		

Investees	Opening balance	Increase	Decrease	Closing balance	Provision for impairment made in current period	Closing balance of provision for impairment
Ltd.						
Nanjing Putian Telecommunication Technology Company Ltd.	1,294,510.00			1,294,510.00		
Nanjing Putian Information Technology Company Ltd.	13,860,000.00			13,860,000.00		
Nanjing Putian Intelligent Building Ltd.	3,320,003.45			3,320,003.45		
Putian Telecommunications (H.K.) Co., Ltd.	1,910,520.00			1,910,520.00	1,910,520.00	1,910,520.00
Nanjing Putian Network Company Ltd.	7,741,140.41			7,741,140.41		
Nanjing Postel Wongzhi Telecommunications Co., Ltd.	40,997,683.00			40,997,683.00		
Nanjing South Telecommunications Co., Ltd.	33,175,148.00			33,175,148.00		
Nanjing Putian Datang Information Electronic Co., Ltd.		5,436,797.07		5,436,797.07		
Subtotal	168,350,473.57	5,436,797.07		173,787,270.64	1,910,520.00	1,910,520.00

(3) Investments in associates and joint ventures

Investees	Opening balance	Increase/decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Joint ventures					
Nanjing Prachanda Live Optical Network Co., Ltd	13,740,859.91			-964,235.44	
Subtotal	13,740,859.91			-964,235.44	
Associates					
Nanjing Zhongyou Telecommunication Co., Ltd.	219,528.61		219,528.61		
Putian High Technology Industry Co., Ltd.	168,922,896.40			719,311.70	
Nanjing Putian Datang	4,326,243.64			1,110,553.43	

Investees	Opening balance	Increase/decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Information Electronic Co., Ltd.					
Subtotal	173,468,668.65		219,528.61	1,829,865.13	
Total	187,209,528.56		219,528.61	865,629.69	

(Continued)

Investees	Increase/decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/profit declared for distribution	Provision for impairment	Others		
Joint ventures						
Nanjing Prachanda Live Optical Network Co., Ltd					12,776,624.47	
Subtotal					12,776,624.47	
Associates						
Nanjing Zhongyou Telecommunication Co., Ltd.						
Putian High Technology Industry Co., Ltd.		297,840.00			169,344,368.10	
Nanjing Putian Datang Information Electronic Co., Ltd.				-5,436,797.07		
Subtotal		297,840.00		-5,436,797.07	169,344,368.10	
Total		297,840.00		-5,436,797.07	182,120,992.57	

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

1. Operating revenue/cost

(1) Details

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Revenue from main operations	1,081,338,447.22	974,895,023.69	1,359,798,370.75	1,223,817,980.39
Revenue from other operations	71,363,511.42	61,966,007.59	33,464,014.58	29,194,839.66
Total	1,152,701,958.64	1,036,861,031.28	1,393,262,385.33	1,253,012,820.05

2. Investment income

Items	Current period cumulative	Preceding period comparative
Long-term equity investment income by cost method	5,326,700.00	11,866,460.90
Long-term equity investment income by equity method	865,629.69	-3,439,844.13
Income from disposal of long-term equity investment	174,759.69	22,487,123.93
Total	6,367,089.38	30,913,740.70

XVI. Other supplementary information

(I) Non-recurring profit or loss

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

Items	Amount	Remarks
Gains on disposal of non-current assets, including written-off of provision for impairment	240,350.20	
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)	2,208,863.00	
Fund possession charge from non-financial entities and included in profit or loss		
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	3,276,764.14	
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		

Items	Amount	Remarks
The reversed provision for impairment of receivables based on impairment testing on an individual basis		
Gains on designated loans		
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	-336,534.03	
Other profit or loss satisfying the definition of non-recurring profit or loss		
Subtotal	5,389,443.31	
Less: enterprise income tax affected	14,286.43	
Non-controlling interest affected (after tax)	19,563.41	
Net non-recurring profit or loss attributable to shareholders of the parent company	5,355,593.48	

(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	-5.08	-0.09	-0.09
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	-6.51	-0.11	-0.11

2. Calculation process of weighted average RONA

Items	Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	-18,976,543.88
Non-recurring profit or loss	B	5,355,593.48
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	-24,332,137.36
Opening balance of net assets attributable to shareholders of ordinary shares	D	383,210,520.22
Net assets attributable to shareholders of ordinary shares increased due to offering of new shares or conversion of	E	

Items	Symbols	Current period cumulative
debts into shares		
Number of months counting from the next month when the net assets were increased to the end of thereporting 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 thereporting period	H	
Number of months in the reporting period	K	12.00
Weighted average net assets	$L = D + A \times I/2 + E \times F/K - G \times H/K \pm J/K$	373,722,248.28
Weighted average RONA	$M = A/L$	-5.08%
Weighted average RONA after deducting non-recurring profit or loss	$N = C/L$	-6.51%

3. Calculation process of basic EPS and diluted EPS

(1) Calculation process of basic EPS

Items	Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	-18,976,543.88
Non-recurring profit or loss	B	5,355,593.48
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	$C = A - B$	-24,332,137.36
Opening balance of total shares	D	215,000,000.00
Number of shares increased due to conversion of reserve to share capital or share dividend appropriation	E	
Number of shares increased due to offering of new shares or conversion of debts into shares	F	
Number of months counting from the next month when the share was increased to the end of the reporting period	G	
Number of shares decreased due to share repurchase	H	
Number of months counting from the next month when the share was decreased to the end of the reporting period	I	
Number of shares decreased in the reporting period	J	
Number of months in the reporting period	K	12.00
Weighted average of outstanding ordinary shares	$L = D + E + F \times G/K - H \times I/K - J$	215,000,000.00
Basic EPS	$M = A/L$	-0.09
Basic EPS after deducting non-recurring profit or loss	$N = C/L$	-0.11

(2) Calculation process of diluted EPS

The diluted EPS and the basic EPS have the same calculation process.

(V) Supplementary information on changes in accounting policies

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

Items	January 1, 2013	December 31, 2013	December 31, 2014
Current assets:			
Cash and bank balances	452,015,249.64	430,024,326.63	394,586,647.76
Settlement funds			
Loans to other banks			
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable	18,194,220.77	21,919,480.05	34,375,641.37
Accounts receivable	716,775,318.61	789,984,001.55	770,808,856.85
Advances paid	38,396,759.04	33,144,854.82	31,630,604.30
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Interest receivable			
Dividend receivable		1,000,000.00	1,000,000.00
Other receivables	51,838,634.52	58,091,611.43	32,392,793.23
Reverse-repo financial assets			
Inventories	463,851,045.50	431,011,396.33	455,031,864.93
Assets classified as held-for-sale			
Non-current assets due within one year			
Other current asset			9,577,770.69
Total current assets	1,741,071,228.08	1,765,175,670.81	1,729,404,179.13
Non-current assets:			
Loans and advances paid			
Available-for-sale financial assets	923,654.84	741,953.00	741,953.00
Held-to-maturity investments			
Long-term receivable			
Long-term equity investments	207,814,610.54	189,805,012.84	184,932,925.28
Investment property	4,607,748.03	4,401,316.11	32,351,447.02

Items	January 1, 2013	December 31, 2013	December 31, 2014
Fixed assets	113,722,780.45	106,610,502.71	85,925,183.82
Construction in progress	2,580,345.07	16,157,767.87	20,079,624.08
Construction materials			
Disposal of fixed assets			
Productive biological assets			
Oil and gas assets			
Intangible assets	19,454,384.86	24,302,415.55	28,150,303.44
Development expenditures			
Goodwill			
Long-term prepayment			1,274,592.46
Deferred tax assets			
Other non-current assets			
Total non-current assets	349,103,523.79	342,018,968.08	353,456,029.10
Total assets	2,090,174,751.87	2,107,194,638.89	2,082,860,208.23
Current liabilities:			
Short-term borrowings	493,100,000.00	462,000,000.00	403,000,000.00
Borrowings from central bank			
Absorbing deposit and interbank deposit			
Borrowings from other banks			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable	107,000,000.00	70,809,648.50	116,816,997.65
Accounts payable	850,781,298.82	955,777,528.37	920,559,456.30
Advances received	100,440,303.64	77,659,452.52	84,724,425.95
Proceeds of REPO financial assets			
Handling fee and commission payable			
Employee benefits payable	14,751,177.51	16,664,127.11	18,693,324.81
Taxes and rates payable	10,368,942.32	1,544,609.90	10,224,153.45
Interest payable			691,830.29
Dividend payable	2,181,334.40	1,946,045.39	1,946,045.39
Other payables	46,008,707.65	52,249,025.93	58,841,351.26
Reinsurance accounts payable			

Items	January 1, 2013	December 31, 2013	December 31, 2014
Insurance policy reserve			
Deposit for agency security transaction			
Deposit for agency security underwriting			
Liabilities classified as held-for-sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities	1,624,631,764.34	1,638,650,437.72	1,615,497,585.10
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: premium share			
Perpetual bond			
Long-term payable	80,118.00	80,118.00	80,118.00
Long-term employee benefits payable			
Special payable			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities	80,118.00	80,118.00	80,118.00
Total liabilities	1,624,711,882.34	1,638,730,555.72	1,615,577,703.10
Equity:			
Paid-in capital (share capital)	215,000,000.00	215,000,000.00	215,000,000.00
Other equity instrument			
Including: preference shares			
Perpetual bonds			
Capital reserve	185,374,533.85	185,374,533.85	185,374,533.85
Less: treasury shares			
Other comprehensive income	-3,770,851.82	-3,264,432.90	-3,318,496.10
Special reserve			
Surplus reserve	589,559.77	589,559.77	589,559.77
General risk reserve			
Undistributed profit	-17,385,166.08	-12,476,544.76	-33,465,684.38

Items	January 1, 2013	December 31, 2013	December 31, 2014
Total equity attributable to parent company	379,808,075.72	385,223,115.96	364,179,913.14
Non-controlling interest	85,654,793.81	83,240,967.21	103,102,591.99
Total equity	465,462,869.53	468,464,083.17	467,282,505.13
Total liabilities and equity	2,090,174,751.87	2,107,194,638.89	2,082,860,208.23