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Potevio
中国普天

成都普天電纜股份有限公司
CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED*

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

(Stock Code: 1202)

2013 ANNUAL RESULTS ANNOUNCEMENT

RESULTS

The board of directors (the "**Board**") of Chengdu PUTIAN Telecommunications Cable Company Limited (the "**Company**") hereby announces the audited consolidated financial information of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2013 (the "**Year**") together with comparative figures for the corresponding period of 2012 as follows:

* *For identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

For the year 2013

Monetary unit: RMB Yuan

Item	Current year	Prior year
1. Total operating income	**915,481,305.70**	498,057,297.73
Including: Operating income	**915,481,305.70**	498,057,297.73
Interest income		
Insurance premiums earned		
Charges and commission income		
2. Total operating costs	**1,020,371,161.41**	576,603,273.08
Including: Operating costs	**823,306,611.89**	465,464,981.96
Interest expense		
Charges and commission expense		
Retirement contributions		
Net claims paid		
Provision for insurance contracts		
Bonus expense for insurance contracts		
Reinsurance expenses		
Business taxes and surcharges	**4,456,645.73**	2,675,452.92
Selling expenses	**45,330,307.89**	32,613,638.73
Administrative expenses	**111,113,769.47**	81,212,625.13
Finance costs	**-106,714.10**	-4,765,164.61
Assets impairment loss	**36,270,540.53**	-598,261.05
Add: Changes in fair value (Loss is denoted as "-")		
Investment income (Loss is denoted as "-")	**105,623,960.58**	-7,957,199.23
Including: Investment income from associates and jointlycontrolled entities	**104,843,257.02**	-16,957,923.46
Exchange gain (Loss is denoted as "-")		
3. Operating profit (Loss is denoted as "-")	**734,104.87**	-86,503,174.58
Add: Non-operating income	**6,818,383.39**	4,913,743.27
Less: Non-operating expenses	**348,551.29**	1,598,913.27
Including: Loss from disposal of non-current assets	**197,339.68**	-118,326.67
4. Total profit (Loss is denoted as "-")	**7,203,936.97**	-83,188,344.58
Less: Income tax expenses	**-169,255.60**	5,351,822.79
5. Net profit (Loss is denoted as "-")	**7,373,192.57**	-88,540,167.37
Including: Net profit attributable to equity holders of the Company	**-527,216.49**	-97,714,018.36
Minority interests	**7,900,409.06**	9,173,850.99

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(CONTINUED)*

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

For the year 2013

Monetary unit: RMB Yuan

Item		Current year	Prior year
6.	**Earnings per share**		
	(1) Basic earnings per share (RMB/share)	**0.00**	-0.24
	(2) Diluted earnings per share (RMB/share)	**-0.27**	-0.25
7.	**Other comprehensive income**	**-747,638.40**	-559,041.60
	Items reclassified to profit or loss in subsequent periods if the relevant criteria are met	**-747,638.40**	-674,138.40
	Items will not reclassified to profit or loss in subsequent periods		
8.	**Total comprehensive income**	**6,625,554.17**	-89,099,208.97
	Including: Total comprehensive income attributable to equity holders of the Company	**-1,274,854.89**	-98,273,059.96
	Total comprehensive income attributable to minority interests	**7,900,409.06**	9,173,850.99

CONSOLIDATED BALANCE SHEET

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

31 December 2013

Monetary unit: RMB Yuan

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

CONSOLIDATED BALANCE SHEET *(CONTINUED)*

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

31 December 2013

Monetary unit: RMB Yuan

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

CONSOLIDATED BALANCE SHEET *(CONTINUED)*

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

31 December 2013

Monetary unit: RMB Yuan

Item	End of year	Beginning of year
Current liabilities:		
Short-term loans	**225,000,000.00**	11,000,000.00
Borrowings from central banks		
Deposits taking and inter-bank deposits		
Loans from others		
Trading financial liabilities		
Bills payables		
Accounts payables	**162,713,039.47**	66,971,873.01
Receipts in advance	**6,048,878.76**	7,233,688.39
Proceeds from sales of repurchased assets		
Charges and commission payable		
Staff remuneration payable	**23,552,785.71**	19,601,726.69
Taxes payable	**-15,942,198.79**	-19,360,945.98
Interest payable		
Dividend payable		
Other payables	**56,785,561.02**	44,490,589.46
Premium payable for reinsurance		
Provision for insurance contracts		
Customer brokerage deposits		
Securities underwriting brokerage deposits		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	**458,158,066.17**	129,936,931.57
Non-current liabilities:		
Long-term loans	**9,090,296.75**	8,980,918.20
Bonds payable		
Long-term payables		
Designated payables	**302,000.00**	
Provision		
Deferred tax liabilities	**12,436,849.48**	1,610,313.60
Other non-current liabilities	**81,815,443.08**	83,835,323.48
Total non-current liabilities	**103,644,589.31**	94,426,555.28
Total liabilities	**561,802,655.48**	224,363,486.85

CONSOLIDATED BALANCE SHEET *(CONTINUED)*

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

31 December 2013

Monetary unit: RMB Yuan

Item	**End of year**	Beginning of year
Equity:		
Share capital	**400,000,000.00**	400,000,000.00
Capital reserve	**659,631,115.92**	660,378,754.32
Less: Treasury shares		
Designated reserve		
Surplus reserve	**8,726,923.61**	8,726,923.61
General risk reserve		
Retained earnings	**-65,938,245.27**	-65,411,028.78
Translation reserve		
Total equity attributable to the equity holders of the Company	**1,002,419,794.26**	1,003,694,649.15
Minority interests	**392,030,516.53**	86,813,981.46
Total equity attributable to the equity holders of the Company	**1,394,450,310.79**	1,090,508,630.61
Total liabilities and equity	**1,956,252,966.27**	1,314,872,117.46

CONSOLIDATED CASH FLOW STATEMENT

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

For the year 2013

Monetary unit: RMB Yuan

Item	Current year	Prior year
1. Cash flow from operating activities		
Cash received from sales of goods and rendering of services	**982,284,366.09**	507,277,798.38
Net increase in deposits from customers and interbank deposits		
Net increase in borrowings from central banks		
Net increase in loans from other financial institutions		
Cash received from insurance contracts		
Net cash received from reinsurance business		
Net increase in reserve funds and investments		
Net increase in disposal of trading financial assets		
Cash from interest income, charges and commission		
Net increase in placements from banks or other financial institutions		
Net increase in repurchased business funds		
Tax rebates received	**100,856.63**	
Cash received from other activities related to operations	**14,229,225.66**	78,372,825.92
Sub-total of cash inflow from operating activities	**996,614,448.38**	585,650,624.30
Cash paid to purchase goods and services	**815,693,603.97**	363,068,492.52
Net increase in loans and advances from customers		
Net increase in deposits with central bank and inter-bank		
Cash paid for compensation under insurance contracts		
Cash paid for interest, charges and commission		
Cash paid for bonus under insurance contracts		
Cash paid to and on behalf of employees	**116,027,343.35**	69,650,201.72
All types of taxes paid	**39,998,523.37**	23,179,346.25
Cash paid for other activities related to operations	**140,211,776.64**	109,147,265.35
Sub-total of cash outflow from operating activities	**1,111,931,247.33**	565,045,305.84
Net cash flow from operating activities	**-115,316,798.95**	20,605,318.46

CONSOLIDATED CASH FLOW STATEMENT *(CONTINUED)*

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

For the year 2013

Monetary unit: RMB Yuan

Item		Current year	Prior year
2.	**Cash flow from investing activities**		
	Cash received from disposal of investments	**286,371,000.00**	
	Cash received from investment income	**780,703.56**	
	Net cash received from disposal of fixed assets, intangible assets and other non-current assets	**454,003.00**	3,361,828.45
	Net cash received from disposal of subsidiaries and other operating entities		18,200,000.00
	Cash received from other investing activities	**109,367,665.89**	
	Sub-total of cash inflow from investing activities	**396,973,372.45**	21,561,828.45
	Cash paid for acquisition of fixed assets, intangible assets and other non-current assets	**121,601,015.23**	19,598,244.25
	Cash paid for investments		45,000,000.00
	Net increase in pledged deposits		
	Net cash paid for acquiring subsidiaries and other operating entities		
	Cash paid for other investing activities	**50,000,000.00**	
	Sub-total cash outflow from investing activities	**171,601,015.23**	64,598,244.25
	Net cash flow from investing activities	**225,372,357.22**	-43,036,415.80

CONSOLIDATED CASH FLOW STATEMENT *(CONTINUED)*

Prepared by: CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED

For the year 2013

Monetary unit: RMB Yuan

Item		Current year	Prior year
3.	**Cash flow from financing activities**		
	Cash received from investors		
	Including: Cash received from minority shareholders of subsidiaries		
	Cash received from borrowings	**231,000,000.00**	11,000,000.00
	Cash received from issuing bonds		
	Cash received from other financing activities		
	Sub-total of cash inflow from financing activities	**231,000,000.00**	11,000,000.00
	Cash paid for repayments of loans	**167,000,000.00**	5,000,000.00
	Cash paid for dividend, profit distribution and interest	**14,972,851.92**	5,933,014.79
	Including: Cash paid by subsidiaries to minority shareholders for dividend and profit distribution		4,000,000.00
	Cash paid for other financing activities		
	Cash outflow from financing activities	**181,972,851.92**	10,933,014.79
	Net cash flow from financing activities	**49,027,148.08**	66,985.21
4.	**Effect of foreign exchange rate changes on cash and cash equivalents**	**806,669.71**	-16,350.38
5.	**Net increase in cash and cash equivalents**	**159,889,376.06**	-22,380,462.51
	Add: Cash and cash equivalents at beginning of the year	**219,904,310.13**	242,284,772.64
6.	**Cash and cash equivalents at end of the year**	**379,793,686.19**	219,904,310.13

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CHENGDU PUTIAN TELECOMMUNICATIONS CABLE COMPANY LIMITED **2013** **Monetary unit: RMB Yuan**

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

NOTES TO THE FINANCIAL STATEMENTS

I. BACKGROUND OF THE COMPANY

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

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

Business license registration number: 510100400020197

Registered address: No. 18, Xinhang Road, The West Park of Hi-Tech Development Zone, Chengdu, Sichuan Province, the PRC

Legal representative: Zhang Xiaocheng

Scope of business: electric wire and cable, fiber optic cable, cable special materials, irradiation processing, cable accessories, special equipment, equipment and different kinds of information industrial products (except categories restricted or prohibited by the State), devices and equipment technology research and development, product manufacturing, sales and service, and the import and export and wholesale, retail, commission agent (except by auction) of similar commodities as the above products; domestically purchased products (except specified goods) wholesale, retail, commission agent (except by auction), technical consulting and technical service.

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

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

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

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

1. Basis of preparation of financial statements

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

2. Statement of compliance with Accounting Standards for Business Enterprises

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

III. TAXES

1. Major taxes and tax rates

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

III. TAXES *(CONTINUED)*

2. Preferential tax treatment and approval

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

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

IV. SCOPE OF CONSOLIDATION AND CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

IV. SCOPE OF CONSOLIDATION AND CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

Details of the subsidiaries:

Subsidiaries obtained through set-up or investment

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

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

IV. SCOPE OF CONSOLIDATION AND CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

Details of the subsidiaries: *(Continued)*

Subsidiaries obtained through set-up or investment (Continued)

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

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

IV. SCOPE OF CONSOLIDATION AND CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

Details of the subsidiaries: *(Continued)*

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

Name of subsidiaries	Type of subsidiaries	Registered address	Registered capital *(RMB in ten thousands)*	Nature and scope of business	Paid-in capital at the end of the period *(RMB in ten thousands)*	Other items in substance form part of the investment
Jiangsu Fasten Photonics Co., Ltd.	Limited company	Jiangyin City	23,380.00	Manufacture of optical fibre, optical fibre preform and optical fibre devices	13,749.91	
Jiangsu Fasten Optical Cable Co., Ltd.	Limited company (wholly-owned legal person)	Jiangyin City	11,058.61	Manufacture of telecommunication optical cable	12,540.34	
Houma Potevio Fasten Cable Communications Co., Ltd.	Company with limited liability	Houma City	6,000.0	Mainly engaged in telecommunication optical fibre and cable and its by-products	1,492.98	

Name of subsidiaries	Equity held *(%)*	Voting right held *(%)*	Consolidated or not	Minority interests	Amount for deduction of minority interests' profit or loss within minority interests)	Excess of subsidiaries' losses shared by minority interests over the minority interests' share of the subsidiaries' beginning equity for the year, which is deducted from the parent company's equity interest
Jiangsu Fasten Photonics Co., Ltd.	82,003	82,003	Yes	30,139,043.84		
Jiangsu Fasten Optical Cable Co., Ltd.	100.00	100.00	Yes			
Houma Potevio Fasten Cable Communications Co., Ltd.	100.00	100.00	Yes			

IV. SCOPE OF CONSOLIDATION AND CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

2. Entities newly consolidated or excluded from the scope of consolidation in the reporting period

(1) Subsidiaries newly consolidated in the reporting period

Name	Net assets as at the end of the period	Net profit for the period
Putian Fasten Cable Telecommunication Co. Ltd.	529,053,216.83	737,090.82

Note: According to the resolutions of the Board meeting and extraordinary general meeting of the Company, the Company, China Potevio Company Limited, Jiangsu Fasten Hongsheng Group Co. Ltd., and Jiangsu Fasten Company Limited agreed to set up a joint venture company, Putian Fasten Cable Telecommunication Co. Ltd., with registered capital of RMB500 million in which the Company hold 45% equity interest with an investment of RMB225,000,000.

(2) No subsidiary, special-purpose entity or corporate which was under control through entrusted operation or leases was excluded from the scope of consolidation in the reporting period

3. Business combination not under common control in the period

Absorbing party	Goodwill	Calculation of goodwill
Jiangsu Fasten Photonics Co., Ltd.	8,477,213.03	*Note 1*
Jiangsu Fasten Optical Cable Co., Ltd.	11,259,825.38	*Note 2*
Houma Potevio Fasten Cable Communications Co., Ltd.	2,248,742.06	*Note 3*
Subtotal	21,985,780.47	

Note 1: Pursuant to the resolutions of the general meeting and Board meeting of the Company and the Equity Transfer Agreement and its supplemental agreement, Putian Fasten Cable Telecommunication Co. Ltd., our subsidiary, acquired 82.003% equity interest in Jiangsu Fasten Photonics Co., Ltd. at an investment cost of RMB137,499,121.18. RMB124,000,000.00 was paid by Fasten Group, the former shareholder of Jiangsu Fasten Photonics Co., Ltd., as a contribution to the Company and the remaining RMB13,499,121.18 was paid by the Company in cash. In accordance with the valuation report, as at the date of acquisition, the fair value of identifiable net asset of the company was RMB157,338,034.16. The difference between the long-term equity investment of the Company and the fair value of the identifiable net asset of the investee, being RMB8,477,213.03, was included in goodwill.

IV. SCOPE OF CONSOLIDATION AND CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

(2) No subsidiary, special-purpose entity or corporate which was under control through entrusted operation or leases was excluded from the scope of consolidation in the reporting period *(Continued)*

3. Business combination not under common control in the period (Continued)

Note 2: Pursuant to the resolutions of the general meeting and Board meeting of the Company and the Equity Transfer Agreement and its supplemental agreement, Putian Fasten Cable Telecommunication Co. Ltd., our subsidiary, acquired the entire equity interest in Jiangsu Fasten Optical Cable Co., Ltd. at a cash consideration of RMB125,403,357.39. In accordance with the valuation report, as at the date of acquisition, the fair value of identifiable net asset of Jiangsu Fasten Optical Cable Co., Ltd. was RMB114,143,532.01. The difference between the long-term equity investment of the Company and the fair value of the identifiable net asset of the investee, being RMB11,259,825.38, was included in goodwill.

Note 3: Pursuant to the resolutions of the general meeting and Board meeting of the Company and the Equity Transfer Agreement and its supplemental agreement, Putian Fasten Cable Telecommunication Co. Ltd., our subsidiary, acquired the entire equity interest in Potevio Houma Rongsheng Optical Cable Co., Ltd. at a cash consideration of RMB14,929,785.52. In accordance with valuation report, as at the date of acquisition, the fair value of identifiable net asset of Houma Potevio Fasten Cable Communications Co., Ltd. was RMB12,681,043.46. The difference between the long-term equity investment of the Company and the fair value of the identifiable net asset of the investee, being RMB2,248,742.06, was included in goodwill.

V. NOTES TO MAJOR ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

1. Bills receivables

(1) Bills receivables comprise

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

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

(2) As at 31 December 2013, the top five bill receivables being pledged in terms of amount are as follows:

Item		Date of issue	Maturity	Amount
1.	Dongguan Mentech Optical& Magnetic Co., Ltd.	2013/12/3	2014/5/29	1,124,583.15
2.	Commercial Acceptance Bill	2013/10/25	2014/4/15	500,000.00
3.	Jiangsu Etern Company Limited	2013/12/13	2014/6/13	500,000.00
4.	Zhejiang Nanfang Communication Group	2013/10/11	2014/4/11	500,00.00
5.	Chongqing Hongtian Mining Co., Ltd. (重慶弘天礦業股份有限公司)	2013/9/29	2014/3/29	300,000.00
Total				2,924,583.15

Note: Bill receivables pledged as at the end of period was provided by Chengdu Sei Optical Fiber Co., Ltd. in favour of Chenghua sub-branch in Chengdu of Agricultural Bank of China for the issuance of letter of credit of imports with an aggregate amount of RMB4,437,311.15.

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

Item		Date of issue	Maturity	Amount
1.	Ningxia Telecom Company Limited	29 November 2013	29 May 2014	2,329,646.69
2.	ZTE Corporation	24 September 2013	17 March 2014	1,742,646.41
3.	Jiangsu Etern Company Limited	29 August 2013	28 February 2014	1,120,000.00
4.	Guangzhou Communications Construction Co.,Ltd.	29 August 2013	28 February 2014	1,092,565.40
5.	Coal Selling Branch of Fushun Mining Group Co., Ltd.	8 July 2013	8 January 2014	1,000,000.00
Total				7,284,858.50

Note: At the end of the period, bills receivables endorsed but not yet due were endorsed over by subsidiaries, namely Jiangsu Fasten Photonics Co., Ltd. and Putian Fasten Cable Telecommunication Co., Ltd., with an aggregate amount of RMB45,120,839.35.

2. Accounts receivables

(1) Categories of accounts receivables are set out below

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

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

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

2. Accounts receivables *(Continued)*

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

Details of accounts receivables of which provision for bad debts is made according to aging analysis

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

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

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

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

Individual significant receivables of which provision for bad debts is made on an individual basis are those customer receivables over RMB500,000. If there is no impairment indicator arising from impairment assessment of individual insignificant receivables, the Company provides provision for bad debts on these receivables based on aging analysis.

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

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

2. Accounts receivables *(Continued)*

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

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

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

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

(2) Closing balance of the accounts receivables included RMB24,760,461.68 due from China PUTIAN Corporation, a shareholder holding 5% or above shares with voting rights of the Company.

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

2. Accounts receivables *(Continued)*

(3) Top five accounts receivables

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

(4) Accounts receivables from related parties

Name	Relationship	Amount	Percentage (%)
1. China Potevio Company Limited	Parent of the Company	24,760,461.68	7.65
2. Nanjing Putian Telecommunications Company Limited	Controlled by the same parent company	1,782,474.00	0.55
3. China Potevio Zhuzhou Company Limited	Controlled by the same parent company	160,000.00	0.05
4. Nanjing PUTIAN Tianji Intelligent Building Co.	Controlled by the same parent company	28,192.96	0.01
5. China Potevio Chengdu Company Limited	Controlled by the same parent company	227,952.99	0.07
6. Jiangsu Fasten Optoelectronics Technology Co., Ltd.	Other enterprise held by de facto controller of shareholder who holds more than 5% shares of a subsidiary	4,997,196.00	1.54
7. Jiangyin Fasten-PLT Materials Science Co., Ltd	Other enterprise held by de facto controller of shareholder who holds more than 5% shares of a subsidiary	245,012.60	0.08
8. Jiangsu Fasten Group Imp&Exp Co., Ltd.	Other enterprise held by de facto controller of shareholder who holds more than 5% shares of a subsidiary	4,844,042.00	1.50
Total		37,812,734.87	11.69

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

2. Accounts receivables *(Continued)*

(5) Accounts receivables written-off during the Reporting Period

Name	Nature	Write-off amount	Reasons	Arising from related party transaction
1. Yunnan Television Broadcast Material Company (雲南省廣播電視物資公司)	Loan	854,718.37	Irrecoverable as no annual renewal of the company has been done for years	No
2. Newztech (China) Limited	Loan	26,766.18	Irrecoverable	No
Total	–	881,484.55	–	–

3. Accounts payables

(1) Aging analysis of accounts payables is set out below

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

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

(3) Accounts payables denominated in foreign currencies

Foreign currency	End of the year Amount	End of the year Exchange rate	End of the year RMB	Beginning of the year Amount	Beginning of the year Exchange rate	Beginning of the year RMB
US dollars	**2,632,025.81**	**6.0969**	**16,047,198.16**	2,133,019.03	6.2855	13,407,091.11
Total	**2,632,025.81**		**16,047,198.16**	2,133,019.03		13,407,091.11

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

4. Operating income and operating costs

(1) Details of operating income are as follows:

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

(2) Details of operating costs are as follows:

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

(3) Analysis of principal operations by products is set out below

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

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

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

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

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

4. Operating income and operating costs (continued)

(4) Analysis of principal operations by regions is set out below

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

(5) Operating income from the top five customers

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

5. Business tax and surcharges

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

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

6. Selling expenses

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

7. Administrative expenses

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

8. Finance costs

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

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

9. Income tax expense

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

10. Calculation of basic earnings per share and diluted earnings per share

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

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

10. Calculation of basic earnings per share and diluted earnings per share *(Continued)*

(1) Basic earnings per share

Basic earnings per share = P0÷ S

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

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

(2) Diluted earnings per share

Diluted earnings per share =P1/(S0+S1+Si×Mi÷M0−Sj×Mj÷M0−Sk+Increase in weighted average number of outstanding ordinary shares from share options, warrants and convertible bonds).

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

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

11. Other comprehensive income

Item	**Current year**	Prior year
1. Gain (loss) from available-for-sale financial assets	**-674,138.40**	-559,041.60
Less: Tax effect of available-for-sale financial assets		
Net amount recognised in other comprehensive income in previous period and recognised in profit or loss in current year		
Sub-total	**-674,138.4 0**	-559,041.60
2. Share of investees' other comprehensive income using equity method		
Less: Tax effect of share of investees' other comprehensive income using equity method		
Net amount recognised in other comprehensive income in previous period and recognised in profit or loss in current year	**-73,500.00**	
Sub-total	**-73,500.00**	
3. Gain (loss) from cash flow hedge forward contracts		
Less: Tax effect of cash flow hedge forward contracts		
Net amount recognised in other comprehensive income in previous period and recognised in profit or loss in current year		
Adjustment on initial amount upon transfer to hedged items		
Sub-total		
4. Exchange differences arising from translation of financial statements denominated in foreign currencies		
Less: Amount transferred to profit or loss upon disposal of foreign operations		
Sub-total		
5. Others		
Less: Tax effect of other items recognised in other comprehensive income		
Net amount recognised in other comprehensive income in previous period and recognised in profit or loss in current year		
Sub-total		
Total	**-747,638.40**	-559,041.60

VI. SUPPLEMENTARY INFORMATION

1. Details of non-recurring profit or loss items during the year

According to "Notice on Explanation of Information Disclosure of Companies Publicly Issuing Securities No. 1 — Non-recurring Profit or Loss Items (2008)" (China Securities Regulatory Commission Announcement [2008] No.43") issued by China Securities Regulatory Commission ("CSRC"), the Company's non-recurring profit or loss items are as follows:

Item	Amount	Note
1. Profit or loss on disposal of non-current assets, including reversal of provision for impairment on assets	117,991,043.85	
2. Tax rebate or reduction approved by incompetent authorities, without official approval documents or on an occasional basis		
3. Government grants recognised in current year's profit or loss (excluding those grants closely related to the entity's business and entitled according to the state unified standard amount or quantity)	4,732,048.90	
4. Capital occupation fee received from non-financial institutions and recognised in profit or loss for the year	4,235,634.85	
5. Income representing the excess of the entity's investment cost in acquiring subsidiaries, associates and jointly controlled entities over the entity's share in the net identifiable assets of the investees		
6. Profit or loss from exchange of non-monetary assets		
7. Profit or loss from entrusted investments or assets management		
8. Provision for impairment on assets due to force-majeure factors such as natural disaster		
9. Profit or loss from debt restructuring		
10. Entity restructuring costs such as staff costs, restructuring expenses, etc		
11. Profit or loss arising from the excess of transacted amounts of non-arm's length transaction over the fair value of arm's length transaction		
12. Net profit or loss from subsidiaries acquired from business combinations involving entities under common control		
13. Profit or loss arising from contingencies not related to the principal operations of the entity		
14. Fair value change from held-for-trading financial assets and financial liabilities and investment income from disposal of held-for-trading financial assets and financial liabilities and available-for-sale financial assets , except for effective hedging business related to the entity's normal operations		
15. Reversal of impairment provision on receivables of which the impairment assessment was done on an individual basis		
16. Profit or loss from entrusted loans	614,166.67	

VI. SUPPLEMENTARY INFORMATION *(CONTINUED)*

1. Details of non-recurring profit or loss items during the year *(Continued)*

Item	Amount	Note
17. Profit or loss arising from changes in fair value of investment properties using fair value model for subsequent measurement		
18. One-time adjustment to current year's profit or loss according to tax and accounting laws and regulations		
19. Entrusted fee income obtained from entrusted operations		
20. Other non-operating income and expenses other than the above items	202,510.27	
21. Other profit or loss items that fall into the definition of non-recurring profit or loss	865,878.42	
22. Effect of minority interests	-3,998,072.13	
23. Effect of income tax	-18,453,466.58	
Total	106,189,744.25	

2. Return on assets and earnings per share

(1) Current year

Profit for the year	Return on weighted average net assets *(%)*	Earnings per share: Basic earnings per share	Earnings per share: Diluted earnings per share
Net profit attributable to the ordinary shareholders of the Company	-0.05	-0.0013	-0.0013
Net profit after deduction of non-recurring profit or loss items attributable to the ordinary shareholders of the Company	-0.71	-0.2668	-0.2668

(2) Prior year

Profit for the year	Return on weighted average net assets *(%)*	Earnings per share: Basic earnings per share	Earnings per share: Diluted earnings per share
Net profit attributable to the ordinary shareholders of the Company	-0.05	-0.24	-0.24
Net profit after deduction of non-recurring profit or loss items attributable to the ordinary shareholders of the Company	-9.79	-0.25	-0.25

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF PRINCIPAL BUSINESS

I Principal Business

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

1 Optical telecommunication business segment

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

2 Copper cables business segment

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

3 Other business segments

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

II Strengthening General Management

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

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

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

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

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

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

FINANCIAL ANALYSIS

Turnover

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

During the Year, the turnover of the Company was approximately RMB182,946,563.19, representing an increase of 14.25% as compared with the Previous Year. Chengdu SEI Optical Fiber Co., Ltd ("Chengdu SEI"), a company in which the Company owns 60% equity interest, recorded a turnover of optical fiber of approximately RMB160,173,661.8; Chengdu Telecom Cable Shuangliu Heat Shrinkable Product Plant ("Shuangliu Heat Shrinkable"), a company in which the Company owns 66.7% equity interest, recorded a turnover of heat shrinkable joining sleeves of approximately RMB61,111,174.26; Chengdu Zhongling Radio Communications ("CMRC"), a company in which the Company owns 96.67% equity interest, recorded a turnover of wire feed cable of approximately RMB91,148,268.52; Putian Fasten Cable Telecommunication Co., Ltd. ("Putian Fasten"), a company in which the Company owns 45% equity interest, recorded a turnover of optical fibre and cable of approximately RMB433,443,103.09.

Net loss attributable to equity holders of the Company

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

RESULTS ANALYSIS

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

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

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

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

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

Analysis of Capital Liquidity

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

Analysis of Financial Resources

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

Non-current Liabilities or Loan

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

Capital Structure of the Group

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

Liquidity and Source of Funds

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

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

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

Contingent Liabilities

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

BUSINESS OUTLOOK

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

I Accelerating adjustment and upgrade of business portfolio and establishing development platform with operation mode driven by business and capital based on the strategy of the Company.

1 *Optical telecommunication business segment*

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

2 *Copper cables business segment*

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

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

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

3 *Other business segment*

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

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

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

II Establishing efficient business management platform through systematic coordinator, stronger foundation and effective reform

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

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

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

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

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

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

4 *Facilitating future development through transformation of technological support platform*

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

BASIC MEDICAL INSURANCE SCHEME FOR EMPLOYEES

The Company has participated in the basic medical insurance scheme for employees in Chengdu since October 2002 and has made a total contribution amounting to approximately RMB3,916,050.74 in the Year (2012: RMB4,233,479.96). The Board considered that the implementation of the basic medical insurance scheme for employees had no material impact on the financial status of the Company.

INCOME TAX

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

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

PLEDGE OF ASSETS

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

MARKET RISKS

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

RISKS RELATING TO COPPER PRICES AND OTHER COMMODITIES PRICES

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

CREDIT RISK

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

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

The Group continuously monitors collections and payments from its customers and maintains a provision for estimated impairment for credit loss based upon its historical experience and any specific customer collection issues that it has identified. Impairment for trade receivables has historically been within the management's expectation and the Group will continue to monitor the collections from customers and maintain an appropriate level of credit losses. The Group did not hold any collateral from its customers.

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

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

LIQUIDITY RISK

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

INTEREST RATE RISK

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

FOREIGN EXCHANGE RISK

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

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

SHAREHOLDING AND CHANGE IN SHARE CAPITAL STRUCTURE

1. Share capital structure

During the year ended 31 December 2013, the Company had not made any arrangements for bonus issue, share placing and issuance of new shares. There was no change in the Company's share capital structure. The total number of shares issued by the Company is 400,000,000 shares, of which China Potevio holds 240,000,000 issued state-owned legal person shares, representing 60% of the issued share capital of the Company and the overseas shareholders of H shares hold 160,000,000 shares, representing 40% of the issued share capital of the Company.

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

   As at 31 December 2013, none of the directors, supervisors and chief executives of the Company nor their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities & Futures Ordinance ("SFO") (Chapter 571 of the Laws of Hong Kong)) as recorded in the register required to be kept by the Company under Section 352 of the SFO or which were otherwise required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

3. **Purchase, sale or redemption of listed securities of the Company**

   For the year ended 31 December 2013, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

4. **Convertible securities, share options, warrants or relevant entitlements**

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

5. **Sufficient public float**

   According to public information available to the Company and to the best knowledge of each director, the Company confirmed that the public held sufficient shares during the year ended 31 December 2013 and as at the date of this announcement.

FINAL DIVIDEND

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

CODE ON CORPORATE GOVERNANCE

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

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

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

AUDIT COMMITTEE OF THE BOARD ("AUDIT COMMITTEE") AND REVIEW OF THE ANNUAL RESULTS

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

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

ANNUAL REPORT AND ANNUAL GENERAL MEETING

The annual general meeting ("AGM") for the Year will be held on Friday, 20 June 2014 at No. 18, Xinhang Road, the West Park of Hi-tech Development Zone, Chengdu, Sichuan Province, the PRC. Notice of the AGM will be announced separately. The Group's annual report for the financial year ended 31 December 2013 and the notice of the AGM will be dispatched to its shareholders as soon as possible and will also be published on the Stock Exchange's website (http://www.hkexnews.hk) and the Company's website (http://putian.wsfg.hk).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 21 May 2014 to 20 June 2014 (both dates inclusive), during which period no transfer of shares will be registered.

In order to be qualified for attending and voting at the 2013 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar, Hong Kong Registrars Limited at Rooms 1712-16, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for the holders of H shares; or the registered office of the Company at No. 18, Xinhang Road, the West Park of Hi-tech Development Zone, Chengdu, Sichuan Province, the PRC (postal code: 611731) for the holders of domestic shares for registration by 4: 30 p.m. on 20 May 2014.

ACKNOWLEDGEMENT

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

Notes:

1. This results announcement is prepared in both Chinese and English. Should there be any discrepancies between the two versions, the Chinese version shall prevail.

2. This results announcement will be published on the Stock Exchange's website (http://www.hkexnews.hk) and the Company's website (http://putian.wsfg.hk) in due course.

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

Chengdu, the PRC, 28 March 2014

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

Executive Directors:	Mr. Zhang Xiaocheng *(Chairman)* Mr. Ping Hao Mr. Cong Huisheng Mr. Chen Ruowei Mr. Du Xinhua Mr. Fan Xu
Independent Non-executive Directors:	Mr. Choy Sze Chung, Jojo Mr. Li Yuanpeng Mr. Xiao Xiaozhou