

Datang Telecom (HongKong) Holdings Co., Ltd.

Annual report for 2014

I Company Profile

Datang Telecom (HongKong) Holdings Co., Ltd (hereinafter referred as “the Company”) is a wholly-owned subsidiary of Datang Telecom (H.K.) Limited (hereinafter referred as “Datang HK”) incorporated on August 25, 2014 in the British Virgin Islands. The Datang HK contributed USD 1.00 as registered capital of the Company.

Registered place: The British Virgin Islands

II Main financial data

1 Main financial data of the company

Balance Sheet December 31, 2014

(The monetary unit is Yun/RMB unless otherwise specified)

Assets	Notes 5	12/31/2014	12/31/2013
Current assets:			
Cash and cash equivalents	(1)	27,622,940.00	
Financial assets at fair value through the profit and loss account			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Prepayments			
Interest receivable			
Dividends receivable			
Other receivables			
Inventories			
Assets divided as assets held for sale			
Non-current assets due within one year			
Other current assets			
Total current assets		27,622,940.00	
Non-current assets:			

Available-for-sale financial assets			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments			
Investment properties			
Fixed assets			
Construction in progress			
Engineering materials			
Disposition of fixed assets			
Productive biological assets			
Oil and gas assets			
Intangible assets			
Development expenditure			
Goodwill			
Long-term prepaid expenses			
Deferred tax assets			
Other non-current assets			
Total non-current assets			
Total assets		27,622,940.00	

Balance Sheet (Continued)

December 31, 2014

(The monetary unit is Yun/RMB unless otherwise specified)

Liabilities & owner's (shareholder's) equities	Notes 5	12/31/2014	12/31/2013
Current liabilities:			
Short-term borrowings			
Financial liabilities at fair value through the profit and loss account			
Derivative financial liabilities			
Notes payable			
Accounts payable			
Advance collections			
Employee remuneration payable			
Taxes payable			
Interest payable			
Dividends payable			
Other payables	(2)	27,622,933.85	
Liabilities divided as liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		27,622,933.85	
Non-current liabilities:			
Long-term borrowings			

Bonds payable			
In which: Preferred shares			
Perpetual capital securities			
Long term payables			
Long-term payroll payable			
Specific payables			
Estimated liabilities			
Deferred revenue			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities			
Total liabilities		27,622,933.85	
Owners' equities:			
Share capital	(3)	6.15	
Other equity instruments			
In which: Preferred shares			
Perpetual capital securities			
Capital reserves			
Less: Treasury stock			
Other comprehensive income			
Special reserves			
Surplus reserves			
Undistributed profits			
Total owner's equity		6.15	
Total of liabilities and owners' equity		27,622,940.00	

**Income statement
for 2014**

(The monetary unit is Yun/RMB unless otherwise specified)

Item	Note 5	2014	2013
I .Operating income			
Less: Operating costs			
Business tax and surcharges			
Selling expenses			
Management expenses			
Financial expenses			
Asset impairment loss			
Plus: Gains on the changes in the fair value (loss expressed with "-")			
Investment income (loss expressed with "-")			
In which: Income from investment on associated enterprise and joint venture			
II .Operating profit (loss expressed with "-")			
Plus:Non-operating income			
In which: Gains from disposal of non-current assets			
Less: Non-operating expenses			
In which: Losses from disposal of non-current assets			

III.Gross profit(total loss expressed with "-")			
Less: Income tax expenses			
IV.Net profit(net loss expressed with "-")			
V .Net of tax of other comprehensive income			
(I))Other comprehensive income that can't be reclassified into the profits and losses in the future			
In which:1.Changes in net liabilities and assets in case of remeasurement & resetting of benefit plan			
2.The share in other comprehensive income that can't be classified into the profits and losses in the invested company under the equity method			
(II)Other comprehensive income that can't be reclassified into the profits and losses in the future			
In which:1.The share in other comprehensive income that will be classified into the profits and losses in the invested company under the equity method			
2.Gains and losses from changes in fair value of available-for-sale financial assets			
3. Gains and losses from re-classification of held-to-maturity investments as available-for-sale financial assets			
4.Effective part of the cash flow hedging gains and losses			
5. Converted difference in Foreign Currency Statements			
6.Others			
VI.Total comprehensive income			
VII.Per-share earnings:			
(I)Basic earnings per share			
(II)Diluted earnings per share			

Cash flow statement

for 2014

(The monetary unit is Yun/ RMB unless otherwise specified)

Item	2014	2013
I .Cash flows from operating activities		
Cash received from sale of goods or rendering of services		
Received tax return		
Other cash receipts related to operating activities		
Subtotal of cash inflows from operating activities		
Cash paid for goods and services		
Cash paid to and on behalf of employees		
Various tax payments		
Other cash payments related to operating activities		
Subtotal of cash outflows from operating activities		
Net cash flows from operating activities		
II .Cash flows from investing activities		
Cash from investment withdrawal		
Cash from receiving return on investment		

Net cash received from the disposal of fixed assets, intangible assets and other long term assets		
Net cash received from the disposal of subsidiaries and other business entities		
Other cash received relating to investing activities		
Subtotal of cash inflow from operating activities		
Cash paid for the purchase and construction of fixed assets, intangible assets and other long term assets;		
Payment for investment		
Net cash paid for the acquisition of subsidiaries and other business entities		
Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities		
Net cash flows from investing activities		
III. Cash flows from financing activities		
Cash from absorbing investment	6.15	
Cash received from debts		
Cash from issuing bond		
Cash received relating to other financing activities	27,622,933.85	
Subtotal of cash inflows from financing activities	27,622,940.00	
Cash paid for repayments of debts		
Cash paid for distribution of dividends or profits, or cash payments for interests		
Cash payments relating to other financing activities		
Subtotal of cash outflows from financing activities		
Net cash flows from financing activities	27,622,940.00	
IV. Foreign exchange rate fluctuation consequences on cash and cash equivalents		
V. Net increase in cash and cash equivalents	27,622,940.00	
Plus: Beginning balance of cash and cash equivalents		
VI. Ending balance of cash and cash equivalent	27,622,940.00	

2 Notes to major items of the financial statements

Unit: Yuan Currency: RMB

(I) Cash and cash equivalents

Item	12/31/2014	12/31/2013
Cash in hand		
Bank deposit	27,622,940.00	
Other cash and cash equivalents		
合 计 Total	27,622,940.00	
In which: Total amount deposited abroad		

(II) Other payables

Item	12/31/2014	12/31/2013
Within 1 year (including 1 year)	27,622,933.85	
1-2 years (including 2 years)		
2-3 years (including 3 years)		
More than 3 years		
Total	27,622,933.85	

(III) Paid-in capital

Name of investor	Balance at beginning of the period		Increase during the year	Decrease during the year	Closing balance	
	Investment Amount	Proportion (%)			Investment amount	Proportion (%)
Datang Telecom (HongKong) Limited			6.15		6.15	100.00

(V) Supplemental Information of Cash Flow Statements

1. Supplemental Information of Cash Flow Statements

Supplemental information	2014	2013
1.Reconciliation of net profit to cash flows from operating activities		
Net profit		
Plus: Preparation for the impairment of assets		
Depreciation of fixed assets,etc.		
Amorization of intangible assets		
Amortisation of long-term prepaid expenses		
Loss of disposing fixed assets , intangible assets and other long-term assets(gains are represented by "-")		
Loss on retirement of fixed assets(gains are represented by "-")		
Losses on the changes in the fair value(gains are represented by "-")		
Financial expenses(gains are represented by "-")		
Investment losses(gains are represented by "-")		
Decrease in deferred income tax assets(increase is expressed with "-")		
Increase in deferred income tax assets(decrease is expressed with "-")		
Decrease of inventories (increase is expressed with "-")		
Decrease in operating receivables(increase is expressed with "-")		
Increase in operating payables(decrease is expressed with "-")		
Others		
Net cash flows from operating activities		
2.Material investing and financing activities that do not involve cash receipts and payments		
Conversion of debt into capital		
Convertible bonds due within 1 year		
Fixed assets under financing lease		
3.Net change in cash and cash equivalents		
Ending balance of cash	27,622,940.00	
Less: Cash balance at the beginning of year		
Plus: Ending balance of cash equivalents		

Supplemental information	2014	2013
Less: Balance of cash equivalents at beginning of year		
Net increase in cash and cash equivalents	27,622,940.00	

2. Composition of cash and cash equivalents

Item	2014	2013
I. Cash	27,622,940.00	
In which: Cash in hand		
Bank deposit available for payments at any time	27,622,940.00	
Other cash and cash equivalents available for payments at any time		
Deposits and required reserve in central bank available for payment		
Deposits in other banks		
Inter-bank loans		
II. Cash equivalents		
In which: Bonds investment matured within three months		
III. End balance of cash and cash equivalents	27,622,940.00	
In which: Restricted cash and cash equivalents used by the Parent Company or subsidiaries of the Group		

III Situation of the Company's parent company up to the reporting period

The Company's parent company is Datang Telecom (H.K.) Limited, the situation of the parent company up to the reporting period is as follows:

Unit: yuan Currency: RMB

Name of the parent company	Registration place	Nature of the business	Registered capital	Shareholding ratio of the parent company in the Company (%)	The proportion of voting rights to our company (%)
Datang Telecom (HongKong) Limited	HongKong	State-owned enterprise	106,101.70	100.00	100.00

Note: The Company's ultimate controlling party is China Academy of Telecom Technology (CATT).

IV Description of the business

The company is an overseas bond issuer which has been specially established without any operational business. Up to September 29, 2014, Datang Telecom (HongKong) Holdings Co., Ltd., which is a new wholly owned subsidiary of Datang Telecom (H.K.) Limited (a wholly owned subsidiary of DATANG TELECOM(H.K.)LIMITED.) has completed issuing 1 billion Yuan bonds. The bonds have a maturity of one-to-three years, the nominal interest rate is 5.50%, the interest is paid on a semi-annual basis, the bonds are released for public offerings, and the bonds have been listed on the Singapore Stock Exchange. Datang Telecom (HongKong) Holdings Co., Ltd. acts as the issuer, Datang Telecom (H.K.) Limited acts as a joint liability guarantor and Datang Telecom Technology Co., Ltd. provides maintenance and liquidity support. The company strictly abides by the agreements & commitments in the issuance and ensures timely redemption.