

Datang Telecom Technology Co., Ltd.
2015 Annual Report

Important Note

- I. The board of directors, board of supervisors as well as directors, supervisors and senior managers of the Company guarantee that this annual report is true, accurate and complete and that there are no false records, misleading statements or material omissions; and they will assume joint and several liabilities therefor.**
- II. All directors have attended the board meeting.**
- III. BDO Shu Lun Pan Certified Public Accountants LLP has issued a standard unqualified auditors' report.**
- IV. The statement from Cao Bin, the company responsible person, Xue Gui, the accounting principal and Ouyang Guoyu, the head of accounting department (accounting officer): The reality, accuracy, and integrity of the financial report in the annual report are guaranteed.**
- V. Profit distribution plan or conversion of capital reserves into share capital plan during the reporting period subject to the deliberation of the board of directors.**
No profit distribution plan or share capital increase from provident fund plan during the reporting period.
- VI. Forward-Looking Risk Statements**
Forward-looking statements in this report, including plans and development strategies do not constitute a firm commitment to the investors, and the investors should notice the investment risks.
- VII. Was there any capital used for non-operating purpose by the controlling shareholders and their related parties?**
No
- VIII. Whether provided any external security in violation of the regulations, decisions or procedures?**
No
- IX. Major risk prompts**
The Company has described possible risks in details in this Report. Please refer to the part of discussion and analysis on the risks that may be faced in the future development of the Company under Section 4.

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Section 1 Definition

I. Definition In this report, unless the context otherwise requires, the following terms refer to as the following:

Definition of frequently-used terms		
This Company / Company / Public Company / DATANG Telecom	Refers to	Datang Telecom Technology Co., Ltd.
Controlling Shareholder / Telecom Research Institute	Refers to	Research Institute of Telecommunications Technology
DATANG Holdings	Refers to	DATANG Telecom Technology Industry Holdings Co., Ltd.
DATANG Microelectronics	Refers to	Datang Microelectronics Technology Co., Ltd.
DATANG Software	Refers to	DATANG Software Technology Co., Ltd.
Xi'an DATANG	Refers to	Xi'an DATANG Telecom Technology Co., Ltd.
UniScope Technologies (Shanghai) Co., Ltd	Refers to	Shanghai Uniscope Communication Technologies Co., Ltd.
Terminal Equipment	Refers to	DATANG Terminal Equipment Co., Ltd.
Chengdu Information	Refers to	Datang Telecom (Chengdu) Information Technology Co., Ltd.
Leadcore Technology Co. Ltd	Refers to	Leadcore Technology Co., Ltd.
Uniscope Electronic Co., Ltd	Refers to	Qidong Uniscope Electronics Co., Ltd.
Jiangsu I-front	Refers to	Jiangsu I-front Science & Technology Co., Ltd.
DATANG Semiconductor	Refers to	Datang Semiconductor Design Co., Ltd.
DATANG NXP	Refers to	DATANG NXP Semiconductor Co., Ltd.
Guangzhou Yaowan/Yaowan Entertainment	Refers to	Guangzhou Yaowan Entertainment Network Technology Co. Ltd.
Terminal Technology	Refers to	DATANG Terminal Technology Co., Ltd.
Xinhua Ruide	Refers to	Xinhua Ruide (Beijing) Network Technology Co., Ltd.
Reporting period	Refers to	(Now renamed as Datang Network Ltd.) January 1, 2015 to December 31, 2015

Section 2 Company Profile and Main Financial Indicators

I. Company Information

Company's Chinese Name:	大唐电信科技股份有限公司
Company's Chinese name abbreviation	大唐电信
Company's foreign name:	DATANG TELECOM TECHNOLOGY CO., LTD
Company's foreign name abbreviation	DATANG TELECOM
Company's legal representative	Cao Bin

II. Contact Information

	Secretary of the Board	Securities Representative
Name	Qi Xiubin	Wang Shaomin
Address	No.6 Yongjia North Road, Haidian District, Beijing	No.6 Yongjia North Road, Haidian District, Beijing
Tel	0086-10-58919172	0086-10-58919172
Fax	0086-10-58919173	0086-10-58919173
E-mail	dt600198@datang.com	dt600198@datang.com

III. Basic Information

Registered Address	No.6 Yongjia North Road, Haidian District, Beijing
Post Code of Registered Address	100094
Office Address	No.6 Yongjia North Road, Haidian District, Beijing
Post Code of Office Address	100094
Company website	www.datang.com
E-mail	dt600198@datang.com

IV. Information disclosure and preparation location

Media to disclose company information	China Securities News, Shanghai Securities News
Designated Website to publish annual report of China Securities Regulatory Commission	www.sse.com.cn
Preparation location for Annual Report	Office of the Board, No.6 Yongjia North Road, Haidian District, Beijing

V. Profile of the company's shares

Profile of the company's shares			
Type of shares	Stock Exchange	Stock Abbreviation	Stock Code
A-shares	Shanghai Stock Exchange	Datang Telecom	600198

VI. Other relevant information

Accounting firms hired by the company (Domestic)	Name	BDO CHINA Shu Lun Pan Certified Public Accountants LLP
	Office address	28F, Building 3, Yard 29, North Third Ring Middle Road, Xicheng District, Beijing
	Accountant's Signature	Cai Xiaoli, Wang Shouyi
Financial adviser responsible for continuous supervision during the reporting period	Name	Southwest Securities Co., Ltd.
	Office address	4F, Tower A, International Business Building, No. 35, Financial Street, Xicheng District, Beijing
	Financial adviser's signature	Liang Jun, Du Qinjie
	Continuous supervision period	March 28, 2014 to December 31, 2015

VII. Major accounting data and financial indicators of the company in the latest three years during the reporting period**(I) Major accounting data**

		Unit: Yuan		Currency: RMB
Major accounting data	2015	2014	Increase or decrease on a year-to-year basis (%)	2013
Operating income	8,602,588,791.38	7,984,031,029.75	7.75	7,915,172,624.99
Net profit attributable to shareholders of the public company	28,443,877.59	217,042,207.05	-86.89	155,615,858.74
Net profit attributable to shareholders of public companies after deducting non-recurring gains and losses	-706,122,920.38	-54,902,454.07	Not applicable	-29,756,335.22
Net cash flows from operating activities	903,569,574.56	-587,050,504.47	Not Applicable	-152,053,763.43
	End of 2015	End of 2014	Increase or decrease on a year-to-year basis (%)	End of 2013
Net assets attributable to the shareholders of public companies	4,071,255,425.22	4,030,768,692.75	1.00	2,308,303,812.99
Total assets	13,794,580,777.44	13,964,610,141.06	-1.22	11,149,449,980.05
Total share capital as at the end of period	882,108,472.00	882,108,472.00	-	741,707,313.00

(II) Major financial indicators

Major financial indicators	2015	2014	Increase or decrease on a year-to-year basis (%)	2013
Basic earnings per share (RMB per share)	0.0322	0.2562	-87.43	0.2098
Diluted earnings per share (RMB per share)	0.0322	0.2562	-87.43	0.2098
Basic Earnings per share after deducting non-recurring gains and losses (RMB / share)	-0.8005	-0.0648	Not Applicable	-0.0401
Weighted average return on net assets (%)	0.7034	6.1289	down by 5.43 percentage points	6.9992
Weighted average return on net assets after deducting non-current gains and losses (%)	-17.4626	-1.5503	Not Applicable	-1.3384

VIII. Accounting data differences under domestic and foreign accounting standard**(I) Net profit and net assets discrepancy belonging to shareholders of public companies in the financial report disclosed in accordance with both international accounting standards and Chinese accounting standards.**

☐ applicable ☒ not applicable

(II) Net profit and net assets discrepancy belonging to shareholders of public companies in the financial report disclosed in accordance with both international accounting standards and Chinese accounting standards

☐ applicable ☒ not applicable

(III) Notes to the difference between domestic and foreign accounting standards:

None

IX. Major financial data by quarter in 2015

	Unit: Yuan			Currency: RMB
	First quarter (January-March)	Second quarter (April - June)	Third quarter (July - September)	Fourth quarter (October - December)
Operating income	873,950,576.35	1,783,498,817.55	2,104,721,792.99	3,840,417,604.49
Net profit attributable to shareholders of the public company	-151,629,340.26	-141,749,522.37	-122,943,948.21	444,766,688.43
Net profit attributable to shareholders of public companies after deducting non-recurring gains and losses	-162,009,391.48	-168,268,733.57	-213,330,191.96	-162,514,603.37
Net cash flows from operating activities	-254,472,767.58	367,619,693.24	-35,709,691.63	826,132,340.53

Notes to differences between quarterly data and data disclosed in regular reports

☐ applicable ☒ not applicable

X. Items and amounts of non-recurring gains and losses

√ Applicable □ Not applicable

	Unit: Yuan		Currency: RMB	
Non-recurring gains and losses	2015	Note (if applicable)	2014	2013
Gains and Losses from disposal of non-current assets	23,861,250.60		16,512,900.93	30,619,763.08
Tax refunds, exemptions and reductions with ultra vires approval or without official approval documents				
Governmental subsidies recognized in the current gains and losses, except for the governmental subsidies closely related to the Company's normal operating business, which are subject to certain ration or quantity constantly in line with national policies and regulations	261,983,604.27		214,270,585.78	178,643,994.63
Payment for use of state funds received from non-financial institutions recorded in current profits and losses	28,427,623.69		22,651,976.67	
Gains from the difference between the investment costs of acquisition of subsidiaries, associates and joint ventures and share in the net fair value of the identifiable assets of the investee when investing				
Gains or losses from non-monetary asset exchange				
Gains or losses from entrusting the investments or management of asset	4,556,743.57			
Impairment provision for force majeure such as natural calamities				
Gains or losses from debt restructuring				
Restructure expenses, such as the compensation for employee relocation and integration costs				
Gains or losses from transactions with obvious unfair transaction price				
Current net gains and losses of the subsidiaries from enterprise merger under the same control from the beginning of the period to the merger date.				
Profits or losses arising from contingencies not related to the company's normal business				
Except for effective hedging business related to the normal business of the company, profits or losses from fair value changes in held-for-trading financial assets and held-for-trading financial				

Non-recurring gains and losses	2015	Note (if applicable)	2014	2013
liabilities, and investment income from disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets				
Reversal of the impairment provision for receivables subject to separate impairment test				
Profits or losses from entrusted loans				
Profits or losses from fair value changes in investment property subsequently calculated with the fair value mode				
Impacts of one-time adjusting the current profits or losses in accordance with requirements of tax and accounting laws and regulations on the current profits and losses				
Custodian income from entrusted management				
Other non-operating income and expenditure except for the above items	4,081,408.19		57,041,881.29	5,552,639.04
Other items of gains and losses subject to the definition of non-recurring gains and losses	458,729,843.30			
-		-		
-		-		
Effect of minority equity	-10,875,570.56		-16,303,567.00	-5,516,855.34
Effect of income tax	-36,198,105.09		-22,229,116.55	-23,927,347.45
Total	734,566,797.97		271,944,661.12	185,372,193.96

XI. Items measured at the fair value

Item	Balance as at January 1, 2015	Balance as at December 31, 2015	Changes in 2015	Unit: Yuan Currency: RMB
				Effected amount on current profits
NA				
Total				

Section 3 Company's Business Overview

I. Main businesses, operating mode and industry overview during the reporting period

In 2015, the company focuses on four major areas, including the IC design, software and application, terminal design, and mobile internet. Base on the overall goal of "becoming solid and stronger", the starting point of "improvement of quality and efficiency", the overall work idea of "stabilizing growth, adjusting structure, gathering resources, improving efficiency, controlling risk", and the direction of "three-transformation" of development mode, the company makes great efforts to promote the company's transformation from scale-based growth to benefit -based growth, from quantity-based improvement to quality-based improvement, and from short-term performance to sustainable development. The company provides solutions and services for government, operators, enterprises and consumers through the industrial management and capital management.

In 2015, the company ranked the first tier of China's Top Ten IC Design Enterprises in IC design industry. In mobile communication chips business, the self-developed LC 1860 chip was put into mass production and came into the market. In security chips, "Chips Swap Project" was steadily advanced, and shortlisted in many commercial banks, OSCCA's pilots and local commercial banks. In auto electron centers, the company achieved mass production of lighting controller chips. Steady progress were made on the research on driver chips and battery management chips. In converged communication chips, the company secured contracts from many customers with respect to the license of SDR software radio platform technical solutions.

In terminal design, the company put emphasis on the industry segmentation and operators' market, introduced many competitive products, and steadily developed the businesses. Last year, the company saw a significant increase in the common data terminal shipments YoY, successfully launched a variety of Mobile and China Unicom version MIFI, and maintained a competitive edge of China Mobile MIFI data terminals in the market. It had a variety of products go commercially in the industrial terminal area, and played a dominant role in the China Mobile government-enterprise market by virtue of the POC business platform solutions. With the steady development of ODM businesses, the company established a cooperative relationship with a number of renowned domestic and foreign manufacturers. Due to the continuous shipment of PCBA products, the company made a breakthrough in the international market expansion.

In the software and application aspect, the company won the title of "2015 National Electronic Information Industry Leader", which is recognition of the leading role of the company in the electronic information industry. In the operator software businesses, actively promoted product innovation, and achieved multi-provincial application of CPN network management, customer service and other new products; completed the private brand hardware systematic construction of the video surveillance businesses, and made breakthroughs in its own products in Inner Mongolia, Guizhou, Anhui, Guangxi and other places upon certification of the Ministry of Public Security; the information security project was recognized in the national key construction projects of the operator and the Ministry of Industry and Information Technology; Vigorously developed the industry application market, actively explore WIFI commercial market, centered on "LTE-FI products+Smart-DTFI platform", and considered the transportation, schools, government, the public and commercial WIFI and other mobile hotspot construction as key direction of the transformation, all of which lead to generate income.

In the mobile application development platform construction of the mobile internet field, the company was devoted to building "369CLOUD cloud service platform" of mobile Internet research and development ecosystem, brought together a large number of "software blocks" service components, had the rapid development ability of the industrial mobile Internet platform, and provided the integrating solution for mobile application developers. In the national incubation base construction aspect, Xi'an, Dalian, Shenzhen and Tianjin has set up incubators respectively, while the Xi'an and Dalian Regional R & D Centers have been established. Many projects were incubated. In the game business, a variety of mobile games has begun to generate more income, and the company has carried out deep cooperation with Tencent and 360 in many web games respectively, which boosts a broad prospect.

II. Notes to Significant Changes of the Company's Main Assets during the Reporting Period

No significant changes of the Company's main assets have occurred during the reporting period.

In which:

Overseas assets: RMB 1,539,350,448.89 (Unit: Yuan Currency: RMB), 11.16% of the total assets.

III. Analysis on Core Competitiveness during the Reporting Period

1. Advantage in Coordination of Industry Chains

The Company, focusing on the layout of "core-end-cloud", establishes a relatively perfect full-chain of information industry that covers integrated circuit design, software and application, terminal design, mobile Internet and other links and provides overall solution and services for governments, industries, enterprises and consumers. The integrated circuit industry is the basis of the whole electronic information industry, the strategic and guiding industry to safeguard national security and support the software, terminal, Internet and other industries; the mobile Internet industry can provide market demand information and product innovation and carry forward the product and service upgrade of terminal and other design industries; while the terminal and other design industries may be regarded as the basis and carrier to carry out and drive the development of the software mobile Internet business. By the previously mentioned industry interaction mode, effective coordination is achieved among industries, along with the effective integration and reasonable distribution of the Company's resources and further improvement of the input-output efficiency.

2. Technical Advantages

With years of hard work in the field of integrated circuit, the Company owns a team of research and development (R&D) staff with high degree, rich experience and balanced age structure. Each member of the R&D team owns years of working experience in integrated circuit and wide influence in the industry. The Company has set up a scientific R&D management system, which raises the R&D efficiency and reduces the costs.

3. Brand Advantages

The Company, as the national team of electronic information industry, is greatly supported by the policies. In the industry, all the business segments of the Company have numbers of partners with strong brand influence in the industry. The Company has acquired a series of public and industrial honors continuously: "Leading Enterprise of National Electronic Information Industry", "Influential Enterprise in Chinese Information Industry", "Top 100 Electronic Information Enterprises". "Most Influential Enterprise of Chinese Industrial Informatization", "Outstanding Responsible Enterprise for Environment of Listed Companies in China", "Top 10 Chinese Enterprises of Integrated Circuit", "Top 100 Chinese Enterprises in the Income of Software Business" and other honors; is confirmed as the "Key Enterprise within the National Plans", "Demonstration Enterprise of Deep Integration of Informatization and Industrialization at the National Level" and "Contract-abiding and Creditable Enterprises at the National Level" and acquires "Golden Prize for Excellent Achievements of Communication and Informatization Application of China", "Outstanding Solution of Communication Industry and Industrial Informatization of China", "Golden Ant Prize for National Golden Card Project", Comprehensive Prize of "Good Chinese Employer" of High-tech Industry and other honors.

Section 4 Management's discussion and analysis

I. Management's Discussion and Analysis

In 2015, the Company withstood the test of more pressure from international and domestic economic downward, violent competition in mobile communication market, transformation of internal operation and influence of structure adjustment and other tests, and maintained a good momentum of overall operation. For 2015, the Company recognized the operating revenue of RMB 8.6 billion, which has increased by 7.75% YoY; the net operating cash flows of RMB 904 million, which have increased by RMB 1.491 billion YoY and achieved the best historical level; the net accounts receivable has decreased by 17.10% YoY; the scale of liabilities has been effectively controlled and the asset-liability ratio has decreased by 1.25% YoY with a good momentum. Influenced by the mobile terminal industry, along with financial expenses, discount and impairment and other factors, the Company's businesses of terminal design and terminal chips have been greatly shocked with the decrease of gross profit and the Company realized the total profit of RMB 84.89 million.

In the field of integrated circuit design, the LC1860 of the business of mobile communication chips has successfully come into the market in quantities and more than 1000 pieces of chips were shipped. The company also made breakthrough in unmanned aerial vehicles and satellite communication services. For the security chip business, the work of "chip swap" has been carried out continuously to achieve the breakthrough of scale; the company has, in the social insurance industry, completed the formulation of the rules and pilot application program of the new social insurance card chips, achieved the card issuance by including ten or more provinces and cities or in scale in the health industry, participated in the formulation of the standard one-card rules of the Ministry of Transport and realized the product filing and pilot program for commercial use in the transport industry, participated in the formulation of the standard one-card rules of education and passed the filing test in the education industry and realized the commercial use and supply in multiple regions in respect of the citizen card and electronic card. The automobile electronic business has realized the domestic independent sales with the sustaining increase of domestic market shares. The car equipment project entered the market under the module and chips plans. In the converged communication business, the Company has acquired contracts from various customers in respect of the authorization of SDR platform technology program.

In the field of terminal design, the Company enhances the investment to focus on the development of the product lines of industrial terminal and application platform, the solution of based POC business platform has acquired the dominant position in the market with the successful R&D gateway products on digital cluster intercommunication. The industrial line of data terminal continues to develop and maintains a higher share in the markets of China Mobile and China Unicom. The product line of PCBA/ODM develops stably with the shipment of scale in India, Vietnam, the Philippines, Russia, Japan, South America and other international markets.

In the fields of software and application, the Company consolidates the operator's software business, the IT service and other traditional advantageous markets, completes the R&D of FAE3 cloud application engine of the operator's software business, network management of Customer Premises Network (CPN), corporate service and other business to achieve the application in multiple provinces, along with the deep cooperation on the operator's IT business with the strategic partners. Meanwhile, the Company expands the intelligent city application and the integrated application of the system in information security industry, researches and develops the software platform of city application and Internet of things, improve the comprehensive management of Smart Community and capacity of service products and completes the systematization construction of self-brand hardware on the video monitoring business line.

In the field of mobile Internet, the Company, devoting to the construction of the mobile application development platforms, successfully creates the "369 cloud service platform" of the R&D ecosystem of mobile Internet to provide the integral solution for the developers of mobile application. The Company successfully develops various boutique cellphone games and web-games and, via the long-term stable cooperation relationship with domestic and foreign partners, sets up diversified game promotion channels. The simulation game Business Life 2, the multiplayer car-racing web-game Need for Draft and other games have acquired good results.

The Company headquarters continues improving the capacity of "value creation, resource control, performance management, risk control and service supporting" to effectively raise the management efficiency.

In addition, the Company actively practices the "Mass Entrepreneurship and Innovation" and explores the innovation of systems and mechanisms audaciously. Depending on the technique advantages, the Company establishes the 369 cloud technology platform, forms the project hatch mode of "one body, two wings" and hatches dozens of projects in succession. The Company encourages the internal innovation by "makers" and promotes the independent entrepreneurship, cooperative entrepreneurship and other mechanism innovation. Meanwhile, the Company explores the reform of mixed ownership by testing systematic innovation in the pilot program of Xinhua Ruide and Datang Smart Card.

II. Main businesses during the reporting period

In 2015, the company recognized the operating income of RMB 8,603 million and net profits of RMB 45 million. See the detailed analysis on the financial indicators as follows:

(I) Analysis on primary business

**Analysis statement for changes on the relevant items in the income
statement and statement of cash flows**

Item	Unit: Yuan		Currency: RMB
	2015	2014	Change ratio (%)
Operating income	8,602,588,791.38	7,984,031,029.75	7.75
Operating costs	7,494,012,338.05	6,384,289,162.66	17.38
Selling expenses	338,621,515.24	313,689,957.63	7.95
General and administrative expenses	757,913,442.81	760,817,477.98	-0.38
Financial expenses	368,295,785.02	339,052,910.89	8.62
Net cash flows from operating activities	903,569,574.56	-587,050,504.47	Not Applicable
Net cash flows from investing activities	-510,053,843.24	-643,580,093.85	Not Applicable
Net cash flows from financing activities	-893,993,857.71	1,592,409,852.36	-156.14
R&D expenditure	972,606,722.69	866,062,085.04	12.30

1. Income and costs analysis

(1) Primary businesses by industry, product and regions

Unit: Yuan Currency: RMB

Performance of primary business by industry						
Industry	Operating income	Operating costs	Gross margin (%)	Increase or decrease in operating income YoY (%)	Increase or decrease in operating costs YoY (%)	Increase or decrease in gross margin YoY(%)
IC design	2,616,073,732.73	2,321,950,571.48	11.24	-8.34	25.65	down by 24.01percentage points
Terminal design	3,395,311,719.44	3,246,261,641.23	4.39	54.81	64.26	down by 5.50 percentage points
Software & application	2,148,235,098.96	1,836,667,035.79	14.50	-17.86	-25.16	Up by 8.34percentage points up
Mobile internet	438,508,728.91	85,502,460.99	80.50	39.29	-15.26	up by 12.55 percentage points
Total	8,598,129,280.04	7,490,381,709.49	12.88	7.78	17.42	down by 7.15percentage points
Primary Business by region						
Region	Operating income	Operating costs	Gross margin (%)	Increase or decrease in operating income YoY (%)	Increase or decrease in operating costs YoY (%)	Increase or decrease in gross margin YoY(%)
North	3,753,450,541.70	3,303,674,182.24	11.98	-2.02	0.40	Down by 2.13 percentage points
South	2,683,411,121.72	1,912,699,854.98	28.72	-11.72	-7.61	Down by 3.17 percentage points
Others	2,161,267,616.62	2,274,007,672.27	-5.22	95.27	123.21	Down by 13.17 percentage points
Total	8,598,129,280.04	7,490,381,709.49	12.88	7.78	17.42	Down by 7.15 percentage points

(2) Production and sales analysis statement

(Monetary Unit: RMB 0,000)

Main products	Production	Sales	Inventory	Increase or decrease in production YoY (%)	Increase or decrease in sales YoY (%)	Increase or decrease in inventory YoY (%)
Security chips and solutions	28,937	49,841	6,070	-19%	-22%	8%
Mobile communication chips and solutions	121,199	104,771	11,079	64%	38%	-14%
Auto electronics and industrial chips	3,987	6,602	160	23%	32%	-15%
Data terminal and industry terminal	13,212	12,602	8,498	16%	35%	-25%
ODM and P CBA services	136,651	136,651	58,000	4%	-2%	5%
Smart City products and solutions	11,047	26,894	13,165	-69%	-43%	62%
Operator products and solutions	1,931	11,854	13,941	-82%	-2%	7%
Information-based industries and solutions	974	16,232	5,407	-36%	-8%	-1%
IT channels and services	91,013	121,094	17,905	33%	20%	5%
Game	308,157	37,645	0	-41%	10%	0%

(3) Cost analysis statement

Unit: Yuan Currency: RMB

Industry	Cost breakdown	By industry				
		2015	Proportion of 2015 costs in the total cost (%)	2014	Proportion of 2014 costs in total costs (%)	Change ratio of 2015 costs over 2014 costs
IC design	Raw materials	2,144,891,287.27	92.37	1,451,153,089.30	78.53	47.81
	Labor	56,536,779.53	2.43	166,550,902.51	9.01	-66.05
	Depreciation	85,485,076.99	3.68	152,821,016.90	8.27	-44.06
	Others	35,037,427.69	1.52	77,407,882.28	4.19	-54.74
	Subtotal	2,321,950,571.48	100.00	1,847,932,890.99	100.00	25.65
Terminal	Raw materials	3,200,344,818.39	98.59	1,781,489,024.07	90.14	79.64

Industry	Cost breakdown	2015	By industry		2014	Proportion of 2014 costs in total costs (%)	Change ratio of 2015 costs over 2014 costs
			Proportion of 2015 costs in the total cost (%)				
design	Labor	30,836,927.03	0.95		32,991,821.02	1.67	-6.53
	Depreciation	5,881,864.88	0.18		4,798,695.00	0.24	22.57
	Others	9,198,030.93	0.28		156,996,843.29	7.94	-94.14
	Subtotal	3,246,261,641.23	100.00		1,976,276,383.38	100.00	64.26
	Raw materials	1,590,714,564.82	86.61		1,770,049,313.80	72.12	-10.13
Software and application	Labor	237,742,306.34	12.94		82,498,876.67	3.36	188.18
	Depreciation		0.00		4,309,762.03	0.18	
	Others	8,210,164.63	0.45		597,406,788.22	24.34	-98.63
	Subtotal	1,836,667,035.79	100.00		2,454,264,740.72	100.00	-25.16
	Raw materials						
Mobile Internet	Labor	35,271,285.37	41.25		75,260,960.74	74.59	-53.13
	Depreciation						
	Others	50,231,175.62	58.75		25,636,154.66	25.41	95.94
	Subtotal	85,502,460.99	100.00		100,897,115.40	100.00	-15.26
Total	Total	7,490,381,709.49			6,379,371,130.49		17.42

2. Expenses

Item	2015	2014	Change ratio (%)
Selling expenses	338,621,515.24	313,689,957.63	7.95
General and administrative expenses	757,913,442.81	760,817,477.98	-0.38
Financial expenses	368,295,785.02	339,052,910.89	8.62

- (1) In 2015, the selling expenses increased by 7.95% over the previous year, mainly due to that Guangzhou Yaowan, the subsidiaries of the company, adjusted its business model, increase investment in advertisement and promotion;
- (2) In 2015, the general and administrative expenses post a slight decline by 0.38% YoY;
- (3) In 2015, the financial expenses increased by 8.62% over the previous year, mainly due to the increase in foreign exchange gains and losses and higher average loan size;

3. R & D investment R & D investment statement

Unit: Yuan Currency: RMB

R & D investment expenditure in 2015	249,575,984.75
R & D investment capitalization in 2015	723,030,737.94
Total R & D investment	972,606,722.69
Proportion of total R & D investment in operating income(%)	11.31
Number of R & D personnel	1,869
Proportion of number of R & D personnel in total number of employees (%)	35.94
Ratio of R & D investment capitalization (%)	74.34

Notes

This year, the company continued to increase investment in research and development, and the total amount of R & D investment grew by 12.30% over the previous year, mainly due to that the company precisely positioned the R & D investment, improve efficiency and pursuit the rational R & D output-input ratio. In 2015, the company concentrated on developing the mobile communication baseband chips, security chips, financial chips, auto electronic chip and smart city, industrial applications, Internet +, etc., put more effort in personnel and invest more funds to effectively enhance the company's innovation level and establish a famous R & D platform.

4. Cash flow

Item	2015	2014	Change ratio (%)
Net cash flows from operating activities	903,569,574.56	-587,050,504.47	Inapplicable
Net cash flows from investing activities	-510,053,843.24	-643,580,093.85	Inapplicable
Net cash flows from financing activities	-893,993,857.71	1,592,409,852.36	-156.14

- (1) The net cash flows from operating activities increased by RMB 1,490,620,079.03 over the last year, mainly due to that the company put more efforts in payback;
- (2) The net cash flows from investing activities increased by RMB 133,526,250.61 over the last year, mainly due to that the company collected more cash than last year after disposing of the equities of the subsidiaries such as Xinhua Ruide and Datang Smart Card;

- (3) The net cash flows from financing activities decreased by RMB 2,486,403,710.07 over the last year, mainly due to that the company downsized the loan, and focused on paying debts;

(II) Notes to significant changes in profits arising from non-primary businesses

√ Applicable □ Not applicable

Item	Ending balance of 2015	Ending balance of 2014	Amount of changes over the last year	Change ratio over the last year (%)
Losses from asset impairment	295,474,982.67	119,265,256.72	176,209,725.95	147.75
Investment income	465,748,701.22	27,420,591.07	438,328,110.15	1,598.54

- (1) The losses from asset impairment in 2015 rose by 147.75% compared with that in 2014, mainly due to the provision of bad debts, inventory depreciation reserves and impairment of goodwill.
- (2) The investment income in 2015 rose by 1,598.54 % compared with that in 2014, mainly due to that the company obtained the benefits and the accretion in the remaining equities by transferring the equities of IME, Xinhua Ruide and Datang Smart Card, and the associates calculated at the equity method increased profits.

(III) Assets and liabilities analysis

Assets and liabilities

Unit: Yuan Currency: RMB

Item	Ending balance of 2015	Proportion of ending balance of 2015 in total assets(%)	Ending balance of 2014	Proportion of ending balance of 2014 in total assets (%)	Proportion of 2015 ending balance in 2014 ending balance (%)
Notes receivable	535,145,456.40	3.88	817,378,061.22	5.85	-34.53
Other current assets	202,148,916.10	1.47	50,000,000.00	0.36	304.30
Long-term equity investments	559,635,819.75	4.06	217,833,379.04	1.56	156.91
Construction in progress	192,589,738.24	1.40	109,228,076.81	0.78	76.32
Long-term deferred expenses	7,505,842.01	0.05	14,071,839.12	0.10	-46.66
Deferred income tax assets	57,887,783.89	0.42	34,096,965.86	0.24	69.77
Short-term borrowings	2,351,396,739.98	17.05	3,433,917,237.58	24.59	-31.52
Notes payable	823,517,143.66	5.97	421,911,787.84	3.02	95.19
Taxes and surcharges payable	89,787,451.25	0.65	62,259,744.92	0.45	44.21
Dividends payable	17,446,367.21	0.13	37,187,080.46	0.27	-53.08
Long-term borrowings	657,503,175.48	4.77	1,384,596,268.44	9.92	-52.51
Long-term payables	1,580,111,488.00	11.45	1,041,875,046.60	7.46	51.66

- (1) The ending balance of notes receivable reduced by 34.53% compared with the beginning balance, mainly due to a decline in the notes holdings at the end of the year as the notes held by the company are expired;
- (2) The ending balance of other current assets rose by 304.30% compared with the beginning balance, mainly due to the reclassification of taxes to be deducted;
- (3) The ending balance of long-term equity investment rose by 156.91% compared with the beginning balance, mainly due to that the equity investment calculation method is changed from the cost method to the equity method as the company disposed of its subsidiaries;

- (4) The ending balance of construction in progress rose by 76.32% compared with the beginning balance, mainly due to the effect of the investment in the company's Yongfeng Phase III Project;
- (5) The ending balance of long-term prepaid expense reduced by 46.66% compared with the beginning balance, mainly due to the decrease in the balance after the amortization;
- (6) The ending balance of deferred income tax assets rose by 69.77% compared with the beginning balance, mainly due to the changes on the deferred income tax assets arising from provision for bad debts, inventory depreciation reserves and goodwill impairment at the same time;
- (7) The ending balance of short-term borrowings reduced by 31.52% compared with the beginning balance, mainly for the company's debt restructuring for repayment of short-term borrowings due;
- (8) The ending balance of notes payable rose by 95.19% compared with the beginning balance, mainly due to the increase in notes issued as the company makes payment for purchase;
- (9) The ending balance of taxes and surcharges payable rose by 44.21% compared with the beginning balance, mainly due to the reclassification of taxes to be deducted;
- (10) The ending balance of dividends payable reduced by 53.08% compared with the beginning balance, mainly due to the actual payment of the dividends payable of the company's non-wholly-owned subsidiaries.
- (11) The ending balance of long-term borrowings reduced by 52.51% compared with the beginning balance, mainly due to the adjustment of debts structure and the exchange of internal borrowings of the group for external borrowings.
- (12) The ending balance of long-term payables rose by 51.66% compared with the beginning balance, mainly due to the adjustment of debts structure and the exchange of internal borrowings of the group for external borrowings.

(IV) Analysis on industrial operating information

In 2015, the economic development in China enters the new normal, which transforms from rapid growth to medium and high-speed growth, the method of economic development is transforming from the scale and speed-based extensive mode of growth to a quality and efficiency-based intensive mode of growth, the economic structure is transforming from quantity increase and energy to the deep adjustment of inventory adjustment and optimization of increased quantity, and the economic development power is transforming from the traditional increase point to the new.

A great-leap-forward development is desiderated by the integrated circuit industry. A new round of scientific revolution with the core of information technology is breeding and arising and the network has been a guiding power for innovating and driving development. The ICT industry, represented by the mobile Internet, Internet of things and other industries will powerfully carry forward the comprehensive development of economic society, while the integrated circuit industry is the core of IT industry, the strategic, basic and guiding industry to support the development of economic society and safeguard the national security. As a country of great production of cellphones, computers and color TV, however, China has been focusing on the manufacturing of complete machines. With the lack of core value chain links of integrated circuit and software, it is necessary to achieve the great-leap-forward development of integrated circuit industry.

The "Internet+" will change people's work and life. The integration of mobile Internet, cloud computing, big data, Internet of things and modern manufacturing industry, along with the characteristics of trans-boundary, integration and pan-ecologicalization, will become the core element for future enterprise development and competition. The mobile shopping, mobile media, smart household appliances, position services, telemedicine, mobile commerce and wearable smart devices shall be the key direction to be focused on; with the improvement of automobile volume and the permeability of car networking in China, the market scale of car-networking will expand stably with the entry of Internet companies, automobile manufacturers, component manufacturers, hardware chip manufacturers and other market participants; in addition, the "smart manufacturing" will push forward the achievement of industrialization, informatization, urbanization and agricultural modernization ("new four modernizations") with great opportunity in the business market of chips, terminal, and solution; The Internet of things, at present, is still under the stage of investment and layout. With the issuance of numbers of programs and documents by the State and local governments and improving policy environment of domestic industry development, the Internet of Everything, in the next ICT industrial development, will become a main trend and the intellectualization and Internet-based development will create a new industrial form and a new market.

(V) Investment analysis

1. Overall analysis of external equity investment

Unit: Yuan Currency: RMB

Amount invested in the reporting period	25,321.92
Change in increase/decrease of amount invested	-465,407.41
Amount invested of the same period in previous year	490,729.33
Increase/decrease of amount invested (%)	-94.83

(1) Significant equity investment

- ① On March 2015, upon approval of the 26th board meeting of the sixth session, it was agreed that its subsidiary Xinhua Ruide (Beijing) Network Technology Co., Ltd., and Jingu Investment Management (Dalian) Co., Ltd. and Yulian (Beijing) Enterprise Management Co., Ltd. to jointly invest in and incorporate a joint venture company to engage in lawyer service businesses on the internet. The registered capital of the joint venture company is RMB 10 million including RMB 1.9 million contributed by Xinhua Ruide (Beijing) Network Technology Co., Ltd. in intangible assets with the shareholding proportion of 19%; RMB 7.1 million contributed by Jingu Investment Management (Dalian) Co., Ltd. in cash with the shareholding proportion of 71%; and RMB 1 million contributed by Yulian (Beijing) Enterprise Management Co., Ltd. in cash with the shareholding proportion of 10%. The above-mentioned joint venture company- Tangxin Internet Technology (Dalian) Co., Ltd. went through the registration formalities for establishment with the administrative department of industry and commerce in 2015.
- ② On July 2015, upon approval of the 30th board meeting of the sixth session, it was agreed that its subsidiary Xinhua Ruide (Beijing) Network Technology Co., Ltd. and Beijing Shenhuawei Technology Co., Ltd. jointly invested in and set up a joint venture company to engage in Antu Project. The registered company of the joint venture company is RMB 5 million including RMB 2.4 million contributed by Xinhua Ruide (Beijing) Network Technology Co., Ltd. in intangible assets with the shareholding proportion of 48%, and RMB 2.6 million contributed by Beijing Shenhuawei Technology Co., Ltd. in cash with the shareholding proportion of 52%. The above-mentioned joint venture company- 365ANTU(BEIJING) INFORMATION TECHNOLOGY CO.,LTD. went through the registration formalities for establishment with the administrative department of industry and commerce in 2015.

- ③ On July 2015, upon approval of the 30th board meeting of the sixth session, it was agreed that its subsidiary Xinhua Ruide (Beijing) Network Technology Co., Ltd. and Beijing Fusheng Weishi Technology Co., Ltd., Shenzhen Hailianxun Investment Management Co., Ltd., Beijing Jiayue Liping Software Co., Ltd. and Shenzhen Biyasheng Investment Co., Ltd. jointly invested in and set up a joint venture company to engage in Mibaowang Project. The registered company of the joint venture company is RMB 10 million including RMB 1.9 million contributed by Xinhua Ruide (Beijing) Network Technology Co., Ltd. in intangible assets with the shareholding proportion of 19%, RMB 4.5 million contributed by Beijing Fusheng Weishi Technology Co., Ltd. in cash with the shareholding proportion of 45%, RMB 1.5 million contributed by Shenzhen Hailianxun Investment Management Co., Ltd. in cash with the shareholding proportion of 15%, RMB 1.1 million contributed by Beijing Jiayue Liping Software Co., Ltd. in cash with the shareholding proportion of 11%, and RMB 1 million contributed by Shenzhen Biyasheng Investment Co., Ltd. in cash with the shareholding proportion of 10%. The above-mentioned joint venture company- Xi'an Yunlu Internet Technology Co., Ltd. went through the registration formalities for establishment with the administrative department of industry and commerce in 2015.
- ④ On July 2015, upon approval of the 30th board meeting of the sixth session, the company reached an agreement on the terminal production businesses integration plan, including: The company's wholly-owned subsidiary-Datang Terminal Technology Co., Ltd. accepted all the equities of Shenzhen Uniscope Weiye Communication Technology Co., Ltd. (the wholly-owned subsidiary of Shanghai Uniscope Communication Technologies Co., Ltd.- the wholly-owned subsidiary of DATANG Terminal Technology Co., Ltd.) , and the transaction price is determined based on the audited net assets of the transaction subject matter for the year 2014 amounting to RMB 11,001,100; Shenzhen Uniscope Weiye Communication Technology Co., Ltd. accepted all the equities of Qidong Uniscope Electronics Co., Ltd. (the wholly-owned subsidiary of Datang Terminal Technology Co., Ltd.) at the transaction price based on the audited net assets of the transaction subject matter for the year 2014 amounting to RMB 47,931,900. The changes of the above-mentioned matters were registered with the administrative department of industry and commerce in 2015.
- ⑤ On August 2015, upon approval of the 31st board meeting of the sixth session, the company agreed to increase the capital of its subsidiary Xinhua Ruide (Beijing) Network Technology Co., Ltd. with its equities in 365IME (Beijing) Network Technology Co., Ltd. The registered capital of Xinhua Ruide (Beijing) Network Technology Co., Ltd. was changed to RMB 42,724,990; the company held 97.89% equities of Xinhua Ruide (Beijing) Network Technology Co., Ltd.; Weiba (Beijing) Internet Technology Co., Ltd. held 2.11% equities in Xinhua Ruide (Beijing) Network Technology Co., Ltd. The registered capital of 365IME(Beijing) Network Technology Co., Ltd. is changed to RMB 42,372,900; Xinhua Ruide (Beijing) Network Technology Co., Ltd. hold 30.09% shares; Beijing Information Smart Co., Ltd. holds 28.91% shares; Lianchuang Xingsheng (Beijing) Investment Co., Ltd. holds 25% shares; and Beijing Zhongchuang Risheng Investment Management Center (limited partnership) holds 16% shares. The changes of the above-mentioned matters were registered with the administrative department of industry and commerce in 2015.

(2) Significant non-equity investment

None

(3) Financial assets measured at fair value

None

(VI) Significant assets and equity sales

1. On June 2015, upon approval of the 29th board meeting of the sixth session of the company, it was agreed that 365IME (Beijing) Network Technology Co., Ltd., the subsidiary of the company, introduces the external strategic investors - Lianchuang Xingsheng (Beijing) Investment Co., Ltd. and Beijing Zhongchuang Risheng Investment Management Center (limited partnership) to increase capital. Lianchuang Xingsheng (Beijing) Investment Co., Ltd. invested RMB 27.54 million including RMB 10,593,200 included in the registered capital and RMB 16,946,800 included in capital reserves; Beijing Zhongchuang Risheng Investment Management Center (limited partnership) invested RMB 17.63 million including RMB 6,779,700 included in the registered capital and RMB 10,850,300 included in the capital reserves. After this increase, the registered capital of 365IME(Beijing) Network Technology Co., Ltd. is changed to RMB 42,372,900; the company and its subsidiary Xinhua Ruide (Beijing) Network Technology Co., Ltd. hold 30.09% shares in total; Beijing Information Smart Co., Ltd. holds 28.91% shares; Lianchuang Xingsheng (Beijing) Investment Co., Ltd. holds 25% shares; and Beijing Zhongchuang Risheng Investment Management Center (limited partnership) holds 16% shares. After this increase, 365 IME (Beijing) Network Technology Co., Ltd. is no longer included in the scope of the consolidated statement. The above-mentioned matters were registered with the administrative department of industry and commerce in 2015.
2. On August 2015, upon approval of the 31st board meeting of the sixth session of the company, it agreed to transfer its 60% equities in Beijing Datang Smart Card Technology Co., Ltd. through the listing system in the equity exchange. 60% equities held by the company in Beijing Datang Smart Card Technology Co., Ltd. were transferred to Shenzhen Einolda Financial Information Co., Ltd. at RMB 96 million. Beijing Datang Smart Card Technology Co., Ltd. is no longer included in the scope of the consolidated statements of the company. The changes of the above-mentioned matters were registered with the administrative department of industry and commerce in 2015.
3. On September 2015, upon approval of the 32nd board meeting of the sixth session and the second extraordinary general meeting of 2015, it was agreed that the company transfers its 44% equities in Xinhua Ruide (Beijing) Network Technology Co., Ltd. through the listing system in the equity exchange, and Xinhua Ruide (Beijing) Network Technology Co., Ltd. increases the capital of RMB 223,670,000 by introducing external shareholders through the listing system in the equity exchange. On December 2015, the company transferred its 44% equities in Xinhua Ruide (Beijing) Network Technology Co., Ltd. to Jiaxing Guantang Wanliu Investment Partnership Enterprise (limited partnership), Qianhe Investment Co., Ltd., Datang Zhongke Innovation Investment Partnership (limited partnership), Zhongqiyun (Beijing) Investment Co., Ltd. and Junhe Hengsheng Xinrui (Shenzhen) Investment Enterprise (limited partnership) at RMB 220 million. Jiaxing Guantang Wanliu Investment Partnership Enterprise (limited partnership), Qianhe Investment Co., Ltd., Datang Zhongke Innovation Investment Partnership (limited partnership), Zhongqiyun (Beijing) Investment Co., Ltd. and Junhe Hengsheng Xinrui (Shenzhen) Investment Enterprise (limited partnership) increased the capital of Xinhua Ruide (Beijing) Network Technology Co., Ltd. at RMB 223,670,000, and subscribed the registered capital of RMB 19,112,600 increased by Xinhua Ruide (Beijing) Network Technology Co., Ltd. After this increase, the registered capital of Xinhua Ruide (Beijing) Network Technology Co., Ltd. increased to RMB 61,837,590 from RMB 42,724,990. After the plan was implemented, the company held 37.24% equities of Xinhua Ruide (Beijing) Network Technology Co., Ltd.; Weiba (Beijing) Internet Technology Co., Ltd held 1.46% equities of Xinhua Ruide; Jiaxing Guantang Wanliu Investment Partnership Enterprise (limited partnership), Qianhe Investment Co., Ltd., Datang Zhongke Innovation Investment Partnership (limited partnership), Zhongqiyun (Beijing) Investment Co., Ltd. and Junhe Hengsheng Xinrui (Shenzhen) Investment Enterprise (limited partnership) held about 61.3% equities of Xinhua Ruide (Beijing) Network Technology Co., Ltd. in total. Xinhua Ruide (Beijing) Network Technology Co., Ltd. is no longer included in the scope of the consolidated statement of the company. The changes of the above-mentioned matters were registered with the administrative department of industry and commerce in 2015.

(VII) Analysis of main controlling shareholders and participating shareholders

Company name	Business Scope	Registered capital	Total assets	Shareholders' equity	Operating income	Net profit
Datang Semiconductor Design Co., Ltd.	Integrated circuit design and computer system integration; technology development, technology transfer, technical service and technical advice in the field of integrated circuit; sales of electronic products, computer software and hardware and auxiliary equipment, communication equipment, instruments and meters; import and export of goods, import and export of technology, agent import and export. engineering surveying and design; property management. (Except projects without achieving administrative license)	777,990,000.00	4,857,490,403.12	2,000,351,004.52	2,553,695,946.61	9,157,969.04
Datang NXP Semiconductors Co., Ltd.	Research, development, design, production and sales of semiconductor integrated circuit and electronic components and provide technology transfer, technical consulting and technology services; import and export of related technology in the field of integrated circuit (except national restrictions and prohibitions); wholesale, import and export of integrated circuit products (without involvement of the state-run trade management goods, with involvement of quota license management goods that shall be applied in accordance with the relevant state regulations)	(US)20,000,000.00	197,309,341.40	105,728,423.55	66,023,598.49	2,524,798.12
DATANG Terminal Equipment Co., Ltd.	Technology development, technology transfer, technical consulting, technical services, manufacturing, sales of electronic and	194,000,000.00	169,963,769.72	62,248,404.54	365,403,316.70	-32,869,037.11

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Company name	Business Scope	Registered capital	Total assets	Shareholders' equity	Operating income	Net profit
	communications equipment, mobile phones, and other equipment and meters					
Xi'an DATANG Telecom Technology Co., Ltd.	Communication equipment, communication terminal, and development, production and sales of electronic components	492,398,051.52	945,846,862.70	-220,091,113.42	59,306,897.23	-242,326,955.78
DATANG Software Technology Co., Ltd.	Computer software development, technology development, technology transfers, consulting, and training and so on.	109,720,080.00	2,098,144,168.53	343,207,697.93	1,385,032,771.71	11,281,562.47
Jiangsu I-front Science & Technology Co., Ltd.	Road traffic monitoring, charging, communication system, intelligent urban road traffic and landscape lighting engineering, building intelligence engineering, design and construction of all kinds of electronics, information technology, and computer systems engineering; installation and sales of mechanical and electronic products.	100,000,000.00	751,669,035.62	233,011,949.42	485,161,943.03	35,772,870.25
Guangzhou Yaowan Entertainment Network Technology Co., Ltd.	Research and development of animation technology, computer hardware and software products and network technology, communication equipment and electronic products; sales of animation products, computers, software and auxiliary equipment, communication equipment and electronic products; design, production, agents and release of various domestic and foreign advertisements; information service business	10,763,441.00	542,872,179.47	496,906,967.62	377,153,730.59	203,439,921.14
Datang Telecom (Chengdu) Information Technology Co., Ltd.	Sales of electronic equipment, communication equipment, application system integration, optical cable, radio frequency	100,000,000.00	148,335,771.94	60,225,613.85	13,088,732.62	-38,648,480.56

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Company name	Business Scope	Registered capital	Total assets	Shareholders' equity	Operating income	Net profit
	identification tag and read/write device, sensing equipment, detection equipment, and positioning equipment and system; microelectronic device research, development, production, sales, technology transfer and technical advisory service; communication and information system engineering design; intelligent management software development and sales; commodity information consulting service; as well as other legitimate projects no need of permission or approval.					
	Research and development, manufacturing and sales of communication and electronic equipment and related products, mobile phones, instruments, office equipment, computer hardware and software and peripheral equipment, system integration, optical cable, microelectronics devices, industrial electronic module, communication equipment and components; technology development, technology transfer, technical consulting, technology services, and business consulting (excluding brokerage) in the field of communication, computer network engineering, system integration technology; import and export of self-management and agent goods and technologies; leasing of self-holding mechanical equipment and specialized electronic industrial					
DATANG Terminal Technology Co., Ltd.		663,017,700.00	1,407,204,227.52	646,176,989.01	2,053,855,643.14	-1,117,285.68

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Company name	Business Scope	Registered capital	Total assets	Shareholders' equity	Operating income	Net profit
	equipment; research and development of bio-metric technologies including fingerprints instruments (operation of the project which shall be approved in accordance with the laws shall start only after the approval of the relevant departments)					
Datang Microelectronics Technology Co., Ltd.	IC products, smart card system and software etc.	204,210,526.32	1,665,704,882.08	696,960,629.08	912,705,982.92	61,730,827.43
Leadcore Technology Co., Ltd.	Technology development, technology transfer, technical advice, technical services, technical training, technical contracting, technology investment, technology intermediary in the field of electronic products, computer software and hardware, communication equipment, and integrated circuit; product development and sales in the field of electronics, communication equipment, and integrated circuits; sales of electronics, communication equipment, and integrated circuits; import and export of goods and technology business	340,384,615.00	2,691,869,454.90	1,135,176,050.16	1,457,258,263.09	-6,351,762.25
Shanghai Uniscope Communication Technologies Co., Ltd.	Communication equipment and related products, development and sale of computer software and hardware,	6,000,000.00	979,796,870.84	322,642,072.48	1,293,835,491.25	7,999,440.81
Qidong Uniscope Electronics Co., Ltd.	Manufacturing and sales of industrial electronic module and communication equipment and components	10,000,000.00	67,961,752.39	58,008,166.10	39,217,034.49	5,076,260.97

(VIII) Structured by controlled by the company

None

III. Discussion and analysis on the future development of the company**(I) Industry competition pattern and development trend**

In 2016, the Chinese economy under the new normal will pay more attention to quality. "Supply-side Structural Reform", "New Economy", "Internet +", "Made in China 2025", "Internet of Things" and so on have become hot words in the Chinese economy development and industry reform. The society will enter into an age of high-speed mobile Internet with the economy boosted by the 4G mobile communication. It will drive the development of upstream and downstream industries. Information security, which has been lifted to the national strategic level, is now expecting an important strategic development period. Internet of things, smart city and industry information construction has made significant progress. Convergence of mobile internet and traditional industry is growing vigorously. Moreover, there is more and more innovation among the business modes. In general, the electronic information industry with its promising development foundation and prospect will become a major driving force for economic growth.

In the respect of Integrated Circuit (IC) design, the domestic demand for IC is increasing massively with the rapid development of electronic information industry. Intelligent terminal chip market is getting saturated. The gradually growing markets of Internet of Things, Smart Home, and wearable devices are expecting a rapid growth in the coming years. Meanwhile, IC industry chain is still dominated by large foreign enterprises. However, fierce competition can be seen in the domestic chip, which has a low rate of autonomy. China attaches a great importance to the development of IC. Industry advancing outline was issued to encourage enterprise independent innovation, scale expanding and industrial integration for the leaping development of IC industry.

In the respect of terminal design, the domestic market of smart phone is being saturated gradually. The market is now experiencing the replacement demand where market competition is more intense. The overseas market has become the common choice of domestic smart phone manufacturers. The market share of domestic smart phone is increasing steadily, but the product profit is still dominated by the minority major manufacturers. In this competitive environment, it poses a great challenge to the domestic terminal manufacturers in terms of technical capability, operational capability and financial strength. Terminal products have richer forms, among which the market segments of wearable devices, unmanned aerial vehicles, smart home and other intelligent hard wares are expecting an outbreak period. At the same time, vertical industries have a promising prospect after the upgrading of mobile informationization.

In the respect of software and applications, application and construction of information and intelligence are developing sustainably. The state has issued information consumption policies and carried out people-benefit projects. The construction of smart city in all regions has advanced in an orderly way. Health care and education, which are closely related to the people's life, are developing rapidly. Under the background of information security, domestic manufacturers are expecting a development opportunity period. Meanwhile, there are still many problems existed in the related domestic information integration enterprises, such as its large number, low concentration and intense competition. With the development of cloud computing, big data and other technologies, consulting service, solution developing, implementing and maintenance, IT total solution or "cloud services" based on the Internet have become the directions of future development.

The mobile Internet is developing rapidly in recent years. "Internet +", O2O and other concepts has promoted multiparty integration and innovation. In addition, scale development can be seen in the related applications and platforms. There will be no big changes in the domestic market pattern in the short run. Fierce competition can be seen in the public applications and service areas. Game, mobile payments and industrial applications are developing rapidly. At the same time, capital operation is now experiencing a concentrated outbreak period when frequent capital operation has become a "new normal" of business development of mobile internet.

(II) Company Development Strategy

Based on the analysis of the external environment, the company has confirmed its "13th Five-year strategic plan" after sufficient research. In the next five years, with IC design as its core competitiveness, the company will focus on the mobile Internet, car networking, intelligent manufacturing, internet of things. It will provide intelligent and credible connections and autonomously controlled, safe and reliable IC, applications and solutions for individuals, vehicles, machines and even all the living things. As to the development patterns, we will make solid efforts in the industry through "increasing quality and effects" and make our main business stronger through "vacating cage to change bird". The strategic objective of "being solid and strong" will be realized. In this way, we will become a global leading supplier of IC, application and solutions to build the industry ecological group of trusted connection.

As to the industrial distribution, we will shift it from "chip-terminal-cloud" to an industry chain layout centered on "IC +", namely, the "IC + Application + Solution", which is the key measure to achieve the company's overall objective of "13th five-year plan", bring focus to the main business, and increase the core competitiveness. As the state is giving great impetus to the IC industry, the company will seize this historic opportunity to seek the support of national industry funds and external cooperation. Through the "Two-wheel drive" of industrial management and capital management, the company will accelerate to develop and grow the IC design industry with the combination of endogenous growth and extensional merger. In this way, the company's ratio of IC industry and the leader ranking in the IC industry will be further increased. We are striving to be the leader in the field of IC design in China.

(III) Operating Plan

In 2016, the company will accelerate its industrial layout of "IC + " through the "Two Wheel Drive" of industrial management and capital management, with the combination of endogenous growth and extension merger. With DATANG Semiconductor as the platform, we will focus on the car networking, intelligent manufacturing, Internet of Things and other emerging fields; with DATANG Leadcore as the platform we will focus on the field of personal application oriented mobile Internet; with DATANG Microelectronics as the platform, we will focus on the field of Internet of Things industry application that with the core of credible identification; with DATANG NXP as the platform, we will focus on the field of automotive electronics. According to the connection closeness degree with the main business, we will analyze and integrate our internal industrial resources in the sector of terminal design, software and applications, and mobile Internet. Solid and strong efforts will be made in "Application" and "Solution" to form the core competitiveness. Customer resources in mobile Internet, car networking, intelligent manufacturing and Internet of Things will be gathered. Cooperation and interaction with units related to the IC industry will be enhanced to drive the development of IC industry. And we will build an industry ecological group of intelligent and trusted connection, so as to put the industrial layout strategy in to practice.

(IV) Possible Risks

1. Strategic Risks

The domestic economy has entered into a development period of "New Normal" in 2015. In recent years, the state, with technology and innovation as an important support, advanced the strategic adjustment of economic structure and the transformation of economic development mode and promoted the motive force of development shifting from the factor-driven and investment-driven mode to the innovation-driven mode. In this context, the industrial revolution of industry 4.0 turned to real with the rapid development of strategic emerging industries, unceasingly deepening of informatization and intelligence in breadth and depth, and deeply integration of Internet and industry. At the same time, the "New Four Modernizations" is developed steadily. Favorable policies related to new industrialization, informatization, urbanization, agricultural modernization, etc. have been issued in succession to accelerate the application of information technology in all areas of society as a whole.

The existing business of the company now takes IC Design Industry as the core, covering a wide range in fields like Mobile Internet, Car Networking, intelligence manufacturing and Internet of Things. It will be greatly affected by the change of economy trend and relevant national industry policies. Therefore, if there are any significant changes in the relevant national policies in the future, uncertainty will be brought to the company's related business.

According to the new changes in the economic development, the company, in order to meet the requirements of understanding, adapting to and leading the new normal proposed by the central authorities, will actively and effectively evaluate and track the related changes and trends, so as to seek opportunities and control risks.

2. Financial Risks

Due to the changes of domestic economy situation, constant growth of management scale, and increasingly complicated financial activities in the production and management, there will be still operating and financial risks. The company's capital quality, capital structure, and operational efficiency and profitability still need to be improved, and its debt burden needs to be released. There is still room for the improvement of its operating capital management. The possible financial risks may have a negative effect on the company's profit, as well as its benign and healthy development.

To solve these problems, the company will further strengthen the recycling efforts of accounts receivable and revitalizing efforts of the stock in 2016, so as to realize cash flow-back, increase operational efficiency, and improve operating capital management. Based on ensuring the overall operation fund needs, the company should actively expand financing channels and gradually adjust the ratio of debt financing between the medium and long-term loans and short-term loans. We should also adjust the financing structure to reduce the risk of paying the debts, which may be caused by the increase of short-term debt financing. Meanwhile, the company will, through capital sharing, strengthen financial standardization and delicacy management to improve the capital usage efficiency, control the financing scale, reduce financial costs, and consolidate the robustness of capital chain.

IV. Notes to the failure of disclosure in compliance with the standards due to the inapplication of the standards to the company or special reasons and reasons

☐ Applicable ☒ Not applicable

Section 5 Significant Matters

I. Plan on profit distribution of ordinary shares or conversion of capital reserves

(I) Formulation, implementation or adjustment of cash dividend policy

The company has explicitly described the specific conditions and proportion of cash dividends, review process of profit distribution plan, decision-making process for revision of profit distribution policy and authority to be exercised by independent directors in the provisions of the Articles of Association on cash dividend policies revised on September 11, 2012.

During the reporting period, although the company made profits, but undistributed profits of the parent company is negative, upon the deliberation and adoption of the 39th board meeting of the sixth session of the company, the company had no plans for profit distribution and conversion of reserves into equities.

(II) Plans for profit distribution for ordinary shares, and plans for capital reserves into equities in the latest three years (including the reporting period)

					Unit: Yuan	Currency: RMB
Dividend payout Year	Number of bonus shares per 10 shares	Dividends paid per 10 shares (RMB) (tax inclusive)	Increase per 10 shares	Amount of cash dividends (tax inclusive)	Net profit attributable to shareholders of the listed company in the consolidated statement in the dividend payout year	Net profit attributable to shareholders of the listed company in the consolidated statement
2015					28,443,877.59	
2014					217,042,207.05	
2013					155,615,858.74	

(III) Share repurchase in cash included in cash dividends

		Unit: Yuan	Currency: RMB
	Cash bonus	Proportion (%)	
2015	0		

(IV) If the company made profits, and the undistributed profits for ordinary shareholders of the company is positive, but failed to put forward the plan on cash profit distribution for ordinary shares during the reporting period, the company should disclose the reasons in details and the use and use plan for undistributed profits.

☐ Applicable ☒ Not applicable

II. Status of the implementation of the commitment

☒ Applicable ☐ Not applicable

(I) Commitments of the company, shareholders, actual controllers, purchasers, directors, supervisors, executive or other related parties during the reporting period or till the end of the reporting period

Background for commitments	Type of commitments	Commitment party	Commitment content	Commitment time and deadline	If there is a deadline for performance	if it is timely strictly performed	if it is not timely strictly performed, the specific reasons for the unfinished fulfilled is required to be stated	if it is not timely strictly performed, the next plan is required to be described
Commitment related to major asset restructuring	Restricted shares	Research Institute of Telecommunications Technology	The shares subscribed by asset and cash, shall not be transferred within thirty six months since the end of non-public placement, afterwards, performed according to the relevant regulations of China Securities Regulatory Commission and the Shanghai Stock Exchange.	Committed time: May 14, 2012, committed term: 3 years	Yes	Yes		
	Restricted shares	DATANG Telecom Technology Industry Holdings Co., Ltd.	The shares subscribed by asset, shall not be transferred within thirty-six months since the end of non-public placement, afterwards, performed according to the relevant regulations of China Securities Regulatory Commission and the Shanghai Stock Exchange.	Commitment time: May 14, 2012, committed term: 3 years	Yes	Yes		
	Restricted shares	Ningbo Like Investment Management Co., Ltd.	The shares subscribed by assets shall not be transferred within 12 months since the end of non-public placement with	Committed time: May 14, 2012, committed term: 3 years	Yes	Yes		

Background for commitments	Type of commitments	Commitment party	Commitment content	Commitment time and deadline	If there is a deadline for performance	if it is timely strictly performed	if it is not timely strictly performed, the specific reasons for the unfinished fulfilled is required to be stated	if it is not timely strictly performed, the next plan is required to be described
			no more than one third within 24 months and no more than two thirds within 36 months, afterwards, performed according to the relevant regulations of China Securities Regulatory Commission and Shanghai Stock Exchange.					
	Restricted shares	Shanghai Center for Internet of Things Venture Capital Fund Partnership, Shanghai Shangchuang-Xinde-Hongneng Venture Capital Partnership, Beijing Yinhan Xingye Venture Investment Center and Hainan Information Industry Venture Capital Fund (Limited Partnership)	The shares subscribed by asset, shall not be transferred within thirty-six months since the end of non-public placement, afterwards, performed according to the relevant regulations of China Securities Regulatory Commission and the Shanghai Stock Exchange.	Commitment time: May 14, 2012, committed term: 3 years	Yes	Yes		

Background for commitments	Type of commitments	Commitment party	Commitment content	Commitment time and deadline	If there is a deadline for performance	if it is timely strictly performed	if it is not timely strictly performed, the specific reasons for the unfinished fulfilled is required to be stated	if it is not timely strictly performed, the next plan is required to be described
			The shares subscribed by equities of UniScope Technologies (Shanghai) Co., Ltd shall not be transferred within 12 months since the end of non-public placement with no more than one third within 24 months and no more than two thirds within 36 months, afterwards, performed according to the relevant regulations of China Securities Regulatory Commission and Shanghai Stock Exchange. The shares subscribed by equities of Uniscope Electronic Co., Ltd., shall not be transferred within thirty-six months since the end of non-public placement, afterwards, performed according to the relevant regulations of China Securities Regulatory Commission and the Shanghai Stock Exchange.	Commitment time: May 14, 2012, committed term: 3 years	Yes	Yes		
	Restricted shares	Xiong Bihui, Gu Xinhui		Commitment	Yes	Yes		
	Restricted	Zhou Hao, Chen	The shares of the public	Commitment	Yes	Yes		

Background for commitments	Type of commitments	Commitment party	Commitment content	Commitment time and deadline	If there is a deadline for performance	if it is timely strictly performed	if it is not timely strictly performed, the specific reasons for the unfinished fulfilled is required to be stated	if it is not timely strictly performed, the next plan is required to be described
	shares	Yong, Ye Yubin, Zhejiang Hongfan Venture Capital Co., Ltd.	companies subscribed shall not be transferred, pledged or disposed of otherwise (hereinafter referred to as the "transfer") within 12 months since the end of non-public replacement;	time: June 24, 2013, Commitment term: 5 years				
			No more than 30% within 24 months, no more than 60% within 36 months, no more than 90% within 48 months and no more than 95% within 60 months; and the remaining shares may be transferred after the 60th month since the end of the non-public replacement. After this transaction, the shares increased by the subscriber due to the bonus shares given by Datang Telecom, the conversion of shares and other reasons should be included in the subscribed shares and subject to the foregoing provisions. In case that the China Securities Regulatory Commission and/or the Shanghai					

Background for commitments	Type of commitments	Commitment party	Commitment content	Commitment time and deadline	If there is a deadline for performance	if it is timely strictly performed	if it is not timely strictly performed, the specific reasons for the unfinished fulfilled is required to be stated	if it is not timely strictly performed, the next plan is required to be described
			Exchange Stock disagree with the above-mentioned arrangement for lockup period, it agrees to revise and implement such arrangement in accordance with the opinions of the CSRC and SEX. For the subscribed shares, the transfer after the expiration of the lockup period will be conducted in accordance with the laws, regulations and the provisions of the Shanghai Exchange Stock in effective.					
	Restricted shares	Chen Ling, Kang Yanzun, Huang Yong, Guangzhou Shibao Investment Partnership, Haitong Kaiyuan Investment Limited	If it has held the equities of Guangzhou Yaowan for 12 months as at the transaction date, it shall undertake not to transfer the subscribed shares of Datang Telecom in any way within 12 months since the end of this transaction; no more than 30% within 24 months, no more than 60% within 36 months, no more than 90% within 48 months and no more than 95% within 60	Commitment time: June 24, 2013, commitment term: 5 years	Yes	Yes		

Background for commitments	Type of commitments	Commitment party	Commitment content	Commitment time and deadline	If there is a deadline for performance	if it is timely strictly performed	if it is not timely strictly performed, the specific reasons for the unfinished fulfilled is required to be stated	if it is not timely strictly performed, the next plan is required to be described
			months; and the remaining shares may be transferred after the 60th month since the end of the non-public replacement. After this transaction, the shares increased by the subscriber due to the bonus shares given by Datang Telecom, the conversion of shares and other reasons should be included in the subscribed shares and subject to the foregoing provisions. In case that the China Securities Regulatory Commission and/or the Shanghai Exchange Stock disagree with the above-mentioned arrangement for lockup period, it agrees to revise and implement such arrangement in accordance with the opinions of the CSRC and SEX.					
			For the subscribed shares, the transfer after the expiration of the lockup period will be conducted in					

Background for commitments	Type of commitments	Commitment party	Commitment content	Commitment time and deadline	If there is a deadline for performance	if it is timely strictly performed	if it is not timely strictly performed, the specific reasons for the unfinished fulfilled is required to be stated	if it is not timely strictly performed, the next plan is required to be described
			accordance with the laws, regulations and the provisions of the Shanghai Exchange Stock in effective.					
	Restricted shares	Donghai Securities Co., Ltd., Huitianfu Asset Management Co., Ltd., Huatai Asset Management Co., Ltd., Pacific Securities Co., Ltd., Donghai Fund Management Co., Ltd., Taikang Asset Management Co., Ltd. and Nantong Yourong Economic and Trade Co., Ltd.	The shares of Datang Telecom subscribed by other certain investors, which are issued for raising supporting funds, shall not be transferred within 12 months as of the date when the subscribed shares are listed, and afterwards, performed in accordance with the relevant provisions of the China Securities Regulatory Commission and the Shanghai Exchange Stock. After this replacement, the shares of the company acquired by other investors due to the bonus shares given by the company, the conversion of equities and other reasons shall be subject to these provisions.	Commitment time: May 29, 2014, committed term: 1 year	Yes	Yes		
	Earnings prediction and	Zhou Hao, Chen Yong, Ye Yubin,	If the transaction is completed in 2014, the	Commitment time: June 24,	Yes	Yes		

Background for commitments	Type of commitments	Commitment party	Commitment content	Commitment time and deadline	If there is a deadline for performance	if it is timely strictly performed	if it is not timely strictly performed, the specific reasons for the unfinished fulfilled is required to be stated	if it is not timely strictly performed, the next plan is required to be described
	compensation	Chen Ling, Kang Yanzun, Huang Yong, Zhejiang Hongfan Venture Capital Co., Ltd. and Guangzhou Shibao investment partnership (limited partnership)	subscriber promises that the actual net profit of Guangzhou Yaowan as at the end of 2014, 2015 and 2016 will not be less than the predicted net profits at the same time. See the Report of Datang Telecom Technology Co., Ltd. on Issuance of Shares and Payment of Cash to Purchase Assets and Raise Supporting Funds in the website of Shanghai Exchange Stock on November 6, 2013 for details of Profit Forecast Compensation Agreement	2013, commitment term: 3 years				
	Settle the issues concerning horizontal competition	Zhou Hao, Chen Yong	1. Neither I or my family members having close ties to me (refer to the provisions of the Rules of the Shanghai Stock Exchange on the Listing of Stocks (Revised in 2012) for the definition of family members) shall engage in, participate or assist others in any operating activities which Datang Telecom is	Commitment time: June 24, 2013, commitment term: 3 years	Yes	Yes		

Background for commitments	Type of commitments	Commitment party	Commitment content	Commitment time and deadline	If there is a deadline for performance	if it is timely strictly performed	if it is not timely strictly performed, the specific reasons for the unfinished fulfilled is required to be stated	if it is not timely strictly performed, the next plan is required to be described
			engaging in then or have direct or indirect competitive relation with Datang Telecom in any form (including, but not limited to independent operation or joint ventures, collaboration or joint operation within or outside the territory of China), or directly or indirectly invest in any economic entity which has direct or indirect competitive relation with any business that Datang Telecom or its subsidiaries are engaging in then. 2. If I breach the above-mentioned obligations of avoidance of competition within the same industry, a penalty of 10% of the price of the shares under non-public replacement and assets purchased by cash shall be given to Datang Telecom as compensation.					
	Others	Research Institute of	Assure the commitment of the public companies on	Commitment time: May 14,	Yes	Yes		

Background for commitments	Type of commitments	Commitment party	Commitment content	Commitment time and deadline	If there is a deadline for performance	if it is timely strictly performed	if it is not timely strictly performed, the specific reasons for the unfinished fulfilled is required to be stated	if it is not timely strictly performed, the next plan is required to be described
		Telecommunications Technology	"Five Independent" and avoidance of competition within the same industry and standardization of related party transactions.	2012, committed term: long term effective				
	Others	Zhou Hao, Chen Yong	Not resign from Guangzhou Yaowan within five years from the date of completion of the transaction unless agreed by Datang Telecom	Commitment time: June 24, 2013, commitment term: 5 years	Yes	Yes		
Other commitments	Others	Research Institute of Telecommunications Technology	I. The Research Institute of Telecommunications Technology takes initiative to undertake the social responsibility and will not sell the shares of the company within six months as of July 10, 2015. II. The Research Institute of Telecommunications Technology will choose a good chance to buy more shares of the company in compliance with the laws, regulations and the regulation provisions.	Commitment time: July 10, 2015, commitment term: 6 months	No			

(II) When forecasting the profitability of corporate assets or projects, provided that the reporting period still falls in the profitability forecast period, the company should make statements on whether the original forecast profit value is reached in respect of the assets or projects and explain the reasons therefor.

From 2013 to 2014, issued shares and paid cash to buy asserts, and raised matching asserts major asset restructuring projects, the company signed "Profit Forecast Compensation Agreement" and "Profit Forecast Compensation Supplemental Agreement" with Zhou Hao, Chen Yong, Ye Yubin, Chen Ling, Kang Yanzun, Huang Yong, Zhejiang Hongfan Venture Capital Co., Ltd., and Guangzhou Shibao Investment Partnership (limited partnership); for details, please refer to Report on Issuing of Shares of DATANG Telecom Technology Co., Ltd. and Buying Assets by Cash Payment and Raising Supporting Funds published on the Shanghai Stock Exchange website on June 10, 2014. As of December 31, 2015, the promised profits for year 2015 of Guangzhou Yaowan have been achieved. Specific conditions as follows:

(Monetary Unit: RMB 0,000)

Company	Annual projected profits in 2015	Annual actual profits in 2015
Guangzhou Yaowan	20,254.64	20,306.84

The forecasting profits and the actual profits of Guangzhou Yaowan are net profits (excluding legally obtained fiscal subsidies and tax deduction and exemption) after deducting nonrecurring gains and losses. BDO Shu Lun Pan Certified Public Accountants LLP issued the special auditors' report (PCPAR [2016] No. 711120) based on the 2015 annual forecast profit realization of the Guangzhou Yaowan.

III. Occupied funds and debt settlement progress during the reporting period

☐ applicable ☒ not applicable

IV. Notes of the Board of Directors to the "Non-standard Auditor's Report" of the accounting firm

(I) Notes of the Board of Directors and the Board of Supervisors to the "Non-standard Auditor's Report" of the accounting firm

☐ applicable ☒ not applicable

(II) Notes of the Board of Directors to the reasons and the effects of the changes on the accounting policies, accounting estimates or calculation method

☐ applicable ☒ not applicable

(III) Notes of the Board of Directors to the reasons and effects of significant adjustments for correction of accounting errors in prior year

☐ applicable ☒ not applicable

V. Appointment and dismissal of accounting firm

		Unit: Yuan	Currency: RMB
		Existing employment	
Name of domestic accounting firm	BDO CHINA Shu Lun Pan Certified Public Accountants LLP		
Reward of domestic accounting firm	1,180,000.00		
Audit years of domestic accounting firms	5		
	Name	Reward	
Internal control audit accounting firm	BDO CHINA Shu Lun Pan Certified Public Accountants LLP	680,000.00	

Notes to the appointment and dismissal of accounting firm

☐ applicable ☒ not applicable

Notes to the changes of the accounting firm during the reporting period

None

VI. Risks under which the listing of the stocks are suspended

(I) Reasons for suspension and measures adopted by the company to eliminate such circumstance

None

VII. Related matters on bankruptcy and reorganization

☐ applicable ☒ not applicable

VIII. Major Lawsuits and Arbitration

☐ Applicable ☒ Not applicable

IX. Punishment and rectification on public company and its directors, supervisors, executives, controlling shareholders, actual controller and purchaser

☐ applicable ☒ not applicable

X. Notes to credit conditions of the company and its controlling shareholders and actual controllers during the reporting period

During the reporting period, the company and its controlling shareholder and actual controller had no circumstances under which a valid judgment of the court was not fulfilled, or a relatively large amount of debt overdue was not repaid.

XI. Company's equity incentive plan, employee stock ownership plans or other employee incentives and its impact

☐ applicable ☒ not applicable

XII. Significant related party transactions

☒ Applicable ☐ Not applicable

(I) Related party transactions related to daily operation

1. Matters which have been disclosed in the provisional announcement and have no subsequent progresses or changes

(1) Purchase of goods/receipt of labor services

Related party	Related party transactions	Pricing mode and decision-making procedures of related transactions	Year 2015		Year 2014	
			Amount	Proportion in the similar transaction (%)	Amount	Proportion in the similar transaction (%)
DATANG Mobile Communications Equipment Co., Ltd	Purchase of goods	Negotiated price	1,248,396.88	0.02	11,993,896.13	0.19
Gohigh Data Network Technology Co., Ltd.	Purchase of goods	Negotiated price	2,623,536.45	0.04	2,520,062.09	0.04
Shanghai DS Communication Equipment Co., Ltd.	Purchase of goods	Negotiated price	8,405.91		2,713,473.53	0.04
Semiconductor Manufacturing International Corporation	Purchase of goods	Negotiated price	125,084,114.93	1.67	92,337,131.07	1.45
DATANG Telecom Technology International (HK) Co., Ltd.	Purchase of goods	Negotiated price	273,637,129.65	3.65	281,497,269.43	4.41
Research Institute of Telecommunications Technology	Purchase of goods	Negotiated price	531,037.53	0.01		
The First Research Institute of Telecommunications Technology	Purchase of goods	Negotiated price	394,895.28	0.01	2,641,509.43	0.04
DATANG Lianyi Science and Technology Co., Ltd.	Purchase of goods	Negotiated price	2,362,495.69	0.03	5,661,538.46	0.09
DATANG Linktech Co., Ltd.	Purchase of goods	Negotiated price	1,367,521.37	0.02		

Related party	Related party transactions	Pricing mode and decision-making procedures of related transactions	Year 2015		Year 2014	
			Amount	Proportion in the similar transaction (%) (%)	Amount	Proportion in the similar transaction (%) (%)
Research Institute of Telecommunications Technology	Purchase of goods	Negotiated price	26,051,154.00	0.35		
Data Communication Science And Technology Research Institute	Purchase of goods	Negotiated price	5,938,169.78	0.08		
Beijing Datang Carera Investment Co., Ltd.	Receipt of services	Negotiated price		0	1,728.00	0
Data Communication Science And Technology Research Institute	Receipt of services	Negotiated price	578,503.11	0.01	713,664.36	0.01
Research Institute of Telecommunications Technology	Receipt of services	Negotiated price	12,972,000.00	0.17	24,198,459.91	0.38
DATANG Mobile Communications Equipment Co., Ltd	Receipt of services	Negotiated price	1,698,113.21	0.02	534,339.62	0.01
DATANG Telecom Technology Industry Holdings Co., Ltd.	Receipt of services	Negotiated price	750,000.00	0.01	255,377.91	
Chengdu Tairui Communication Equipment Testing Co., Ltd.	Receipt of services	Negotiated price	10,490.57		12,641.51	
Gohigh Data Network Technology Co., Ltd.	Receipt of services	Negotiated price	92,036.58		1,300.00	
First Research Institute of Telecommunications Technology	Receipt of services	Negotiated price	1,267,600.00	0.02	1,566,245.29	0.02
China National Radio Spectrum Management	Receipt of services	Negotiated price			48,000.00	

Related party	Related party transactions	Pricing mode and decision-making procedures of related transactions	Year 2015		Year 2014	
			Amount	Proportion in the similar transaction (%) (%)	Amount	Proportion in the similar transaction (%) (%)
Institute Research Institute of Telecommunications Technology	Receipt of services	Negotiated price	2,760.68		3,076.92	
Semiconductor Manufacturing International Corporation	Receipt of services	Negotiated price	11,207,153.30	0.15	1,021,609.46	0.02
DATANG Lianyi Science and Technology Co., Ltd.	Receipt of services	Negotiated price			717,948.72	0.01
Datang Telecom Technology International Co., Ltd.	Receipt of services	Negotiated price	27,000.00			
Total			467,852,514.92	6.26	428,439,271.84	6.71

(2) Sales of goods/rendering of services

Related party	Related party transactions	Pricing mode and decision-making procedures of related transactions	Year 2015		Year 2014	
			Amount	Proportion in the similar transaction (%) (%)	Amount	Proportion in the similar transaction (%) (%)
Datang Telecom Technology Industry Holdings Co., Ltd.	Sales of goods	Negotiated price	4,800,000.00	0.06	840,730.76	0.01
Datang Mobile Communications Equipment Co., Ltd.	Sales of goods	Negotiated price	2,070,319.63	0.02	7,457,320.92	0.09
Gohigh Data Network Technology Co., Ltd.	Sales of goods	Negotiated price	8,490,566.07	0.10	9,133,973.71	0.11

Related party	Related party transactions	Pricing mode and decision-making procedures of related transactions	Year 2015		Year 2014	
			Amount	Proportion in the similar transaction (%)	Amount	Proportion in the similar transaction (%)
Datang Telecom Technology International Co., Ltd.	Sales of goods	Negotiated price	595,324,123.14	6.92	492,333,412.48	6.17
DATANG Telecom Technology International (HK) Co., Ltd.	Sales of goods	Negotiated price	250,301,863.84	2.91	295,438,531.04	3.7
Data Communication Science And Technology Research Institute	Sales of goods	Negotiated price	109,343,269.18	1.27	77,899,470.19	0.98
DATANG Linktech Co., Ltd.	Sales of goods	Negotiated price	3,216,274.02	0.04	38,180,734.32	0.48
Fifth Research Institute of Telecommunications Technology	Sales of goods	Negotiated price			55,316.24	
The Tenth Research Institute of Telecommunications Technology	Sales of goods	Negotiated price	3,634,794.78	0.04	1,717,998.30	0.02
China Academy of Telecommunications Technology	Sales of goods	Negotiated price	360,000.00		64,603.42	-
Shanghai DS Communication Equipment Co., Ltd.	Provision of services	Negotiated price	19,995.00			
The First Research Institute of Telecommunications Technology	Provision of services	Negotiated price	6,356,000.00	0.07	3,867,924.53	0.05

Related party	Related party transactions	Pricing mode and decision-making procedures of related transactions	Year 2015		Year 2014	
			Amount	Proportion in the similar transaction (%)	Amount	Proportion in the similar transaction (%)
China Academy of Telecommunications Technology	Provision of services	Negotiated price	308,079.24		263,017.08	
Datang Mobile Communications Equipment Co., Ltd.	Provision of services	Negotiated price			500,000.00	0.01
						-
Datang Telecom Technology Industry Holdings Co., Ltd.	Provision of services	Negotiated price	84,905.66		569,000,000.00	7.13
Total			984,310,190.56	11.43	1,496,753,032.99	18.75

(3) Other related transactions

Related party	Related party transactions	Type of transaction	Related transaction pricing principles	Unit: Yuan Currency: RMB	
				Year 2015	Year 2014
China Academy of Telecommunications Technology	Rentals, utilities, property fees and so on	Others	Negotiated price	932,313.00	977,518.00
Beijing Datang Carera Investment Co.	Rentals, utilities, property fees and so on	Others	Negotiated price	605,906.18	452,715.83
DATANG Investment Holdings Development (Shanghai) Co., Ltd.	Rentals, utilities, property fees and so on	Others	Negotiated price		270,975.00
DATANG Telecom Technology Industry Holdings Co., Ltd.	Rentals, utilities, property fees and so on	Others	Negotiated price	1,125.00	
The Fifth Research Institute of Telecommunications Technology	Rentals, utilities, property fees and so on	Others	Negotiated price	234,684.00	223,236.00
The First Research Institute of Telecommunications Technology	Rentals, utilities, property fees and so on	Others	Negotiated price	389,144.34	
Total				2,163,172.52	1,924,444.83

2. Matters which have been disclosed in the provisional announcement but have subsequent progresses or changes

None

3. Matters undisclosed in the provisional announcement

☐ applicable ☒ not applicable

(II) Related party transactions arising from the acquisition or sale of assets or equities**1. Matters which have been disclosed in the provisional announcement and have no subsequent progresses or changes**

Overview	Query and index
NA	

2. Matters which have been disclosed in the provisional announcement but have subsequent progresses or changes

None

3. Matters undisclosed in the provisional announcement

☐ applicable ☒ not applicable

4. Performance accomplishment involving performance arrangement which should be disclosed during the reporting period

None

(III) Significant related party transactions involving joint external investment**1. Matters which have been disclosed in the provisional announcement and have no subsequent progresses or changes**

Overview	Query and index
NA	

2. Matters which have been disclosed in the provisional announcement but have subsequent progresses or changes

None

3. Matters undisclosed in the provisional announcement

☐ applicable ☒ not applicable

(IV) Related claims and debts**1. Matters which have been disclosed in the provisional announcement and have no subsequent progresses or changes**

Overview	Query and index
NA	

2. Matters which have been disclosed in the provisional announcement but have subsequent progresses or changes

Unit: Yuan Currency: RMB

Related party	Relationship	Provision of funds to related parties			Provision of funds to public companies		
		Beginning balance	Amount occurred	Ending balance	Beginning balance	Amount occurred	Ending balance
Gohigh Data Network Technology Co., Ltd.	Subsidiaries of the parent company	1,548,683.81	-1,548,683.81		100,000.00	-100,000.00	0.00
Semiconductor Manufacturing International Corporation	Others	14,344.18	0.00	14,344.18			
Research Institute of Telecommunications Technology	Parent company				880,712,493.97	548,873,476.23	1,429,585,970.20
DATANG Telecom Technology Industry Holdings Co., Ltd.	Participating shareholder				90,888,644.44	-2,888,644.44	88,000,000.00
Datang Telecom Group Finance Co., Ltd.	Wholly-owned subsidiary of the parent company				480,000,000.00	-240,000,000.00	240,000,000.00
Data Communication Science And Technology Research Institute	Wholly-owned subsidiary of the parent company				1,607,769.19	-251,134.76	1,356,634.43
DATANG Mobile Communications Equipment Co., Ltd	Subsidiaries of the parent company				567,118.00	0.00	567,118.00
The Tenth Research Institute of Telecommunications Technology	Wholly-owned subsidiary of the parent company				3,529.67	0.00	3,529.67
Total		1,563,027.99	-1,548,683.81	14,344.18	1,453,879,555.27	305,633,697.03	1,759,513,252.30
The amount of funds (RMB) provided by the company to the controlling shareholder and its subsidiaries during the reporting period							-1,548,683.81
The balance (RMB) provided by the company to the controlling shareholder and its subsidiaries during the reporting period							0.00
Causes of formation of related credits and debts		The relationship between the company and the Gohigh Data Network Technology Co., Ltd. is mainly the bid bond; the relationship between the company and Research Institute of Telecommunications Technology, DATANG Telecom Industry Holdings Co., Ltd.、DATANG Telecom Group Finance Co., Ltd. is mainly loan. The contract has not yet expired and the loan has					

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Related party	Relationship	Provision of funds to related parties			Provision of funds to public companies		
		Beginning balance	Amount occurred	Ending balance	Beginning balance	Amount occurred	Ending balance
		not yet repaid. The relationship between the company and Research Institute of Data Communication Technologies is mainly electronic card product authentication algorithm technology cost; the relationship with the DATANG Mobile Communications Equipment Co., Ltd is mainly the current fee for service, and that with the Tenth Research Institute of Telecommunications Technology is mainly water & electricity expenses.					
The settlement of related credits and debts		The company repays the loan (RMB 545 million) to DATANG Telecom Group Finance Co., Ltd., increasing the loan by RMB 305 million from DATANG Telecom Group Finance Co., Ltd.; increases the loan by RMB 550 million from Research Institute of Telecommunications Technology					
The commitments on related credits and debts		None					
The impacts of related credits and debts on the company's operating results and financial condition		The related credits and debts have relatively small impacts on the company's operating results and financial condition.					

3. Matters undisclosed in the provisional announcement

☐ applicable ☒ not applicable

XIII. Major contracts and performance thereof

(I) Matters concerning the trusteeship, contracting and leasing

☐ applicable ☒ not applicable

(II) Guarantee

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

The external security of company （excluding guarantees to subsidiaries）													
Guarantor	The relationship between the guarantor and the public company	Secured party	Guaranteed amount	Date of guarantee (agreement date)	Starting date of guarantee	Maturity date of guarantee	Type of guarantee	Whether the guarantee has been fulfilled or not	Guarantee overdue or not	Guarantee overdue amount	Whether a counter-guarantee exists	Whether the related party is guaranteed	Relationship
Total amount of guarantee during the reporting period (excluding guarantees to subsidiaries)						0.00							
Total guarantee balance at the end of the report period (A) (excluding guarantees to subsidiaries)						0.00							
The company's and its subsidiaries' guarantee to subsidiaries													
Total amount of guarantee during the reporting period for subsidiaries						870,624,932.59							
Total guarantee balance at the end of the reporting period for subsidiaries (B)						1,887,201,989.92							
The company's total guarantee （including guarantees to subsidiaries）													
Guarantee amount (A+B)						1,887,201,989.92							

The external security of company（excluding guarantees to subsidiaries）													
Guarantor	The relationship between the guarantor and the public company	Secured party	Guaranteed amount	Date of guarantee (agreement date)	Starting date of guarantee	Maturity date of guarantee	Type of guarantee	Whether the guarantee has been fulfilled or not	Guarantee overdue or not	Guarantee overdue amount	Whether a counter-guarantee exists	Whether the related party is guaranteed	Relationship
Guarantee amount proportion of company's total net assets (%)						43.50							
Including:													
The amount of guarantee provided for shareholders, actual controllers and related parties (C)						0.00							
Amount of debt guarantees provided directly or indirectly to the asset-liability ratio exceeded 70% of the secured object (D)						1,656,002,101.11							
The amount which guarantees total is over 50% of net assets (E)						0.00							
Total amount of the above three guarantees (C+D+E)						1,656,002,101.11							
Unexpired guarantee may bear joint liability													
Guarantee description						At the end of the contract，balance of guarantee provided by the company is RMB 1.887 billion which are all guaranteed by subsidiaries.							

(III) Circumstances under which others are entrusted to manage spot assets**1. Entrusted assets management**

☐ applicable ☒ not applicable

2. Entrusted loan

☐ applicable ☒ not applicable

3. Other investment finance and derivatives investment

☐ applicable ☒ not applicable

(IV) Other major contracts None**XIV Notes to other significant matters**

☐ applicable ☒ not applicable

XV. Work status of active performance of social responsibilities**(I) Social responsibility work**

See the 2015 Corporate Social Responsibility Report of Datang Telecom Technology Co., Ltd. in the website of Shanghai Stock Exchange on April 23, 2016 for details.

(II) Notes to environmental conditions of the public companies and their subsidiaries belong to the heavy pollution industry specified by the state environmental protection authorities

Not applicable.

XVI. Convertible corporation bonds

□ applicable √ not applicable

Section 6 Changes of ordinary shares and Shareholders**I. Changes of ordinary shares****(I) Table of changes of ordinary shares****1. Table of changes of ordinary shares**

Unit: share

	Before the change		Increase/decrease (+, -)					After the change	
	Quantity	Proportion (%)	New issue of shares	Stock dividend	Public reserve transferred to shares	Others	Subtotal	Quantity	Proportion (%)
I. Restricted shares	417,713,801	47.35				-344,253,626	-344,253,626	73,460,175	8.33
1. State shareholding									
2. State-owned legal person shareholding	234,844,976	26.62				-233,191,239	-233,191,239	1,653,737	0.19
3 Other domestic shareholding	182,868,825	20.73				-111,062,387	-111,062,387	71,806,438	8.14
Including: Domestic non state-owned legal-person shareholding	79,409,991	9.00				-68,051,590	-68,051,590	11,358,401	1.29
Domestic natural-person shareholding	103,458,834	11.73				-43,010,797	-43,010,797	60,448,037	6.85
4. Foreign shareholding									
Including: Foreign legal-person shareholding									
Foreign natural-person shareholding									
II. Unrestricted	464,394,671	52.65				+344,253,626	+344,253,626	808,648,297	91.67

	Before the change		Increase/decrease (+, -)					After the change	
	Quantity	Proportion (%)	New issue of shares	Stock dividend	Public reserve transferred to shares	Others	Subtotal	Quantity	Proportion (%)
liquid share									
1. RMB ordinary shares	464,394,671	52.65				+344,253,626	+344,253,626	808,648,297	91.67
2. Domestically -listed shares for the purchase of overseas investors									
3. Overseas -listed shares for the purchase of overseas investors									
4. Others									
III. Total ordinary shares	882,108,472	100				0	0	882,108,472	100

2. Notes to changes of ordinary shares

See the Notice of Datang Telecom Technology Co., Ltd. on Capital Share Variation Due to Share Issuance and Cash Payment for Asset Procurement and Raising Supporting Fund on May 7, 2015, June 2, 2015 and October 28, 2015 on SSE website for details.

3. Impact (if any) of changes of ordinary shares on financial indexes of last year and previous period such as EPS, net asset per share, etc.

None

4. Other contents which the company thinks it is necessary to disclose or which the security regulators require the company to disclose

None

(II) Changes in restricted shares

√ Applicable □ Not applicable

Unit: share

Name of shareholder	Quantity of restricted shares at the beginning of year	Quantity of restricted shares circulated in 2015	Quantity of restricted shares increased in 2015	Quantity of restricted shares at the ending of the year	Reason of restriction	Date of restricted share circulation
China Academy of Telecommunications Technology	85,072,394	85,072,394	0	0	Restricted commitment	November 2, 2015
DATANG Telecom Technology Industry Holdings Co., Ltd.	148,118,845	148,118,845	0	0	Restricted commitment	November 2, 2015
Ningbo Like Investment Management Co., Ltd.	5,198,866	5,198,866	0	0	Restricted commitment	November 1, 2013 November 3, 2014 November 2, 2015
Shanghai Center for Internet of Things Venture Capital Fund Partnership	7,554,295	7,554,295	0	0	Restricted commitment	November 2, 2015
Shanghai Shangchuang-Xinde-Hongneng Venture Capital Partnership	5,036,197	5,036,197	0	0	Restricted commitment	November 2, 2015
Beijing Yinhan Xingye Venture Investment Center	3,786,908	3,786,908	0	0	Restricted commitment	November 2, 2015
Hainan Information Industry Venture Capital Fund	3,786,908	3,786,908	0	0	Restricted commitment	November 2, 2015
Xiong Bihui	8,552,246	8,552,246	0	0	Restricted commitment	November 1, 2013 November 3, 2014 November 2, 2015
Gu Xinhui	8,552,246	8,552,246	0	0	Restricted commitment	November 1, 2013 November 3, 2014 November 2, 2015

Name of shareholder	Quantity of restricted shares at the beginning of year	Quantity of restricted shares circulated in 2015	Quantity of restricted shares increased in 2015	Quantity of restricted shares at the ending of the year	Reason of restriction	Date of restricted share circulation
						2015
Zhou Hao	39,864,892	11,959,468	0	27,905,424	Restricted commitment	May 12, 2015 May 12, 2016 May 12, 2017
						May 12, 2018 May 12, 2019
Chen Yong	35,571,883	10,671,565	0	24,900,318	Restricted commitment	May 12, 2015 May 12, 2016 May 12, 2017 May 12, 2018 May 12, 2019
Ye Yubin	2,808,571	842,572	0	1,965,999	Restricted commitment	May 12, 2015 May 12, 2016 May 12, 2017 May 12, 2018 May 12, 2019
Chen Ling	1,430,999	429,300	0	1,001,699	Restricted commitment	May 12, 2015 May 12, 2016 May 12, 2017 May 12, 2018 May 12, 2019
Kang Yanzun	1,240,199	372,060	0	868,139	Restricted commitment	May 12, 2015 May 12, 2016 May 12, 2017 May 12, 2018 May 12, 2019
Huang Yong	1,144,799	343,440	0	801,359	Restricted commitment	May 12, 2015 May 12, 2016 May 12, 2017 May 12, 2018 May 12, 2019
Zhejiang Hongfan Venture Capital Co., Ltd.	5,968,227	1,790,469	0	4,177,758	Restricted commitment	May 12, 2015 May 12, 2016 May 12, 2017 May 12, 2018 May 12, 2019
Guangzhou Shibao Investment Partnership (limited partnership)	4,292,999	1,287,900	0	3,005,099	Restricted commitment	May 12, 2015 May 12, 2016 May 12, 2017 May 12, 2018 May 12, 2019
Haitong Kaiyuan Investment Limited	10,258,062	3,077,419	0	7,180,643	Restricted commitment	May 12, 2015 May 12, 2016 May 12, 2017 May 12, 2018 May 12, 2019
Donghai Securities Co., Ltd.	3,800,000	3,800,000	0	0	Restricted commitment	June 8, 2015
Huitianfu Asset Management Co., Ltd.	3,800,000	3,800,000	0	0	Restricted commitment	June 8, 2015
Huatai Asset Management Co., Ltd.	8,800,000	8,800,000	0	0	Restricted commitment	June 8, 2015
Pacific Securities Co., Ltd.	1,220,528	1,220,528	0	0	Restricted	June 8, 2015

Name of shareholder	Quantity of restricted shares at the beginning of year	Quantity of restricted shares circulated in 2015	Quantity of restricted shares increased in 2015	Quantity of restricted shares at the ending of the year	Reason of restriction	Date of restricted share circulation
					commitment	
Donghai Fund Management Co., Ltd.	3,900,000	3,900,000	0	0	Restricted commitment	June 8, 2015
Taikang Asset Management Co., Ltd.	12,000,000	12,000,000	0	0	Restricted commitment	June 8, 2015
Nantong Yourong Economic and Trade Co., Ltd.	4,300,000	4,300,000	0	0	Restricted commitment	June 8, 2015
Total	416,060,064	344,253,626	0	71,806,438	/	/

II. Shareholders and actual controller

(I) Total number of shareholders

Total number of ordinary shareholders (households) at the end of the reporting period	66,457
Total number of ordinary shareholders at the end of the latest month before the date of disclosure of annual report (households)	78,141

(II) Shareholdings of Top ten shareholders and top ten floating shareholders (or shareholders without trading limited conditions) as at the end of the reporting period

Unit: share

Shareholding of the top ten shareholders							
Name of shareholder (full name)	Increase/Decrease in the reporting period	Number of shares as at the end of the period	Proportion (%)	Number of shares with traded limited conditions	Pledge or freezing		Nature of shareholders
					Status of shares	Quantity	
Research Institute of Telecommunications Technology	-36,752,339	151,252,178	17.15	0	NA	0	State-owned legal person
DATANG Telecom Technology Industry Holdings Co., Ltd.	0	148,118,845	16.79	0	NA	0	State-owned legal person
Zhou Hao	-11,959,468	27,905,424	3.16	27,905,424	Pledge	23,910,000	Domestic natural person
Chen Yong	-10,671,500	24,900,383	2.82	24,900,318	Pledge	21,340,000	Domestic natural person
Central Huijin Asset Management Co., Ltd.	24,115,000	24,115,000	2.73	0	NA	0	State-owned legal person
National Social Security Fund 118 Division	10,311,864	10,311,864	1.17	0	NA	0	Unknown
Ren Wenfeng	-3,527,135	7,428,234	0.84	0	NA	0	Unknown
Haitong Kaiyuan Investment Limited	-3,077,419	7,180,643	0.81	7,180,643	NA	0	Domestic non state-owned legal person
Harvest Fund - Agricultural Bank of China - Harvest CSI Asset Management Plan	6,882,150	6,882,150	0.78	0	NA	0	Unknown
Xiong Bihui	-6,176,470	6,552,246	0.74	0	NA	0	Domestic natural person
Shareholding of top ten shareholders without sales restriction							

Name of shareholder	Quantity of the outstanding shares without trading limited conditions	Category and quantity of shares	
		Type	Quantity
China Academy of Telecommunications Technology	151,252,178	RMB Ordinary shares	151,252,178
Datang Telecom Technology Industry Holdings Co., Ltd.	148,118,845	RMB Ordinary shares	148,118,845
Central Huijin Asset Management Co., Ltd.	24,115,000	RMB Ordinary shares	24,115,000
National Social Security Fund 118 Division	10,311,864	RMB Ordinary shares	10,311,864
Ren Wenfeng	7,428,234	RMB Ordinary shares	7,428,234
Harvest Fund - Agricultural Bank of China - Harvest CSI Asset Management Plan	6,882,150	RMB Ordinary shares	6,882,150
Xiong Bihui	6,552,246	RMB (ren min bi) Ordinary shares	6,552,246
Industrial and Commercial Bank of China Limited - South consumption vigor flexible configuration hybrid sponsored securities investment funds	6,029,873	RMB (ren min bi) Ordinary shares	6,029,873
National Social Security Fund 110 Division	5,827,705	RMB Ordinary shares	5,827,705
Industrial and Commercial Bank of China Limited – Jiashi new opportunity flexible configuration hybrid sponsored securities investment funds	5,620,280	RMB Ordinary shares	5,620,280
Description of association relationships of aforesaid shareholders or concerted actions	1. The Research Institute of Telecommunications Technology holds 100% shares of Datang Telecom Technology Industry Holdings Co., Ltd., so it is the controlling shareholder of Datang Telecom Technology Industry Holdings Co., Ltd. 2. The company does not know the relationship or concerted action of other shareholders.		

Shareholding quantity of top ten shareholders with sales restriction and the sales restriction

Unit: share

S/N	Name of shareholder with sales restriction	Number of shares with restricted selling	Trade of restricted shares on a stock exchange		Restriction condition
			Tradable time	Number of tradeable shares newly issued	
1	Zhou Hao	27,905,424	May 12, 2016	11,959,468	Subject to the relevant provisions of the China Securities Regulatory Commission and the Shanghai Stock Exchange
			May 12, 2017	11,959,467	
			May 12, 2018	1,993,245	
			May 12, 2019	1,993,244	
2	Chen Yong	24,900,318	May 12, 2016	10,671,565	Subject to the relevant provisions of the
			May 12, 2017	10,671,565	

S/N	Name of shareholder with sales restriction	Number of shares with restricted selling	Trade of restricted shares on a stock exchange		Restriction condition
			Tradable time	Number of tradeable shares newly issued	
			May 12, 2018	1,778,594	
			May 12, 2019	1,778,594	China Securities Regulatory Commission and the Shanghai Stock Exchange
			May 12, 2016	3,077,419	Subject to the relevant provisions of the China Securities Regulatory Commission and the Shanghai Stock Exchange
			May 12, 2017	3,077,418	
3	Haitong Kaiyuan Investment Limited	7,180,643	May 12, 2018	512,903	China Securities Regulatory Commission and the Shanghai Stock Exchange
			May 12, 2019	512,903	
			May 12, 2016	1,790,468	Subject to the relevant provisions of the China Securities Regulatory Commission and the Shanghai Stock Exchange
			May 12, 2017	1,790,468	
			May 12, 2018	298,411	China Securities Regulatory Commission and the Shanghai Stock Exchange
4	Zhejiang Hongfan Venture Capital Co., Ltd.	4,177,758	May 12, 2019	298,411	
			May 12, 2016	1,287,900	Subject to the relevant provisions of the China Securities Regulatory Commission and the Shanghai Stock Exchange
			May 12, 2017	1,287,900	
			May 12, 2018	214,650	China Securities Regulatory Commission and the Shanghai Stock Exchange
5	Guangzhou Shibao Investment Partnership (limited partnership)	3,005,099	May 12, 2019	214,649	
			May 12, 2016	842,571	Subject to the relevant provisions of the China Securities Regulatory Commission and the Shanghai Stock Exchange
			May 12, 2017	842,571	
			May 12, 2018	140,429	China Securities Regulatory Commission and the Shanghai Stock Exchange
6	Ye Yubin	1,965,999	May 12, 2019	140,428	
					Not listed for trade or transferred within 12 months as of the date of acquisition of circulation right, and need to repay the shares advanced by the Research Institute of Telecommunications Technology or obtain the approval of the Research Institute of Telecommunications Technology
7	Shanxi Hongfei Communications Industry Company	1,653,737	May 30, 2007	1,313,896	
			May 12, 2016	429,300	Subject to the relevant provisions of the China Securities Regulatory Commission and the Shanghai Stock Exchange
			May 12, 2017	429,300	
			May 12, 2018	71,550	China Securities Regulatory Commission and the Shanghai Stock Exchange
8	Chen Ling	1,001,699	May 12, 2019	71,549	

S/N	Name of shareholder with sales restriction	Number of shares with restricted selling	Trade of restricted shares on a stock exchange		Restriction condition
			Tradable time	Number of tradeable shares newly issued	
					Shanghai Stock Exchange
			May 12, 2016	372,060	Subject to the relevant provisions of the China Securities Regulatory Commission and the Shanghai Stock Exchange
			May 12, 2017	372,060	
			May 12, 2018	62,010	
9	Kang Yanzun	868,139	May 12, 2019	62,009	
			May 12, 2016	343,440	Subject to the relevant provisions of the China Securities Regulatory Commission and the Shanghai Stock Exchange
			May 12, 2017	343,440	
			May 12, 2018	57,240	
10	Huang Yong	801,359	May 12, 2019	57,239	
Notes for relations among the above-mentioned shareholders or acting in concert					

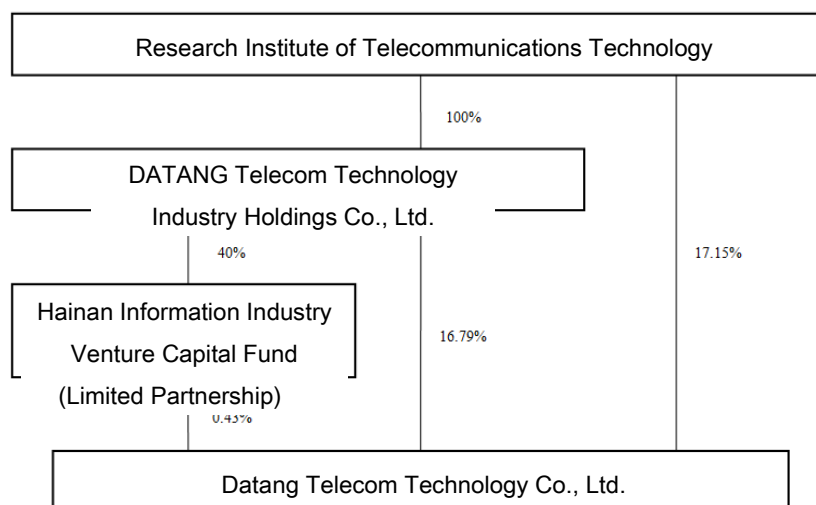
III. Controlling shareholders and actual controller

(I) Controlling shareholder

1 legal person

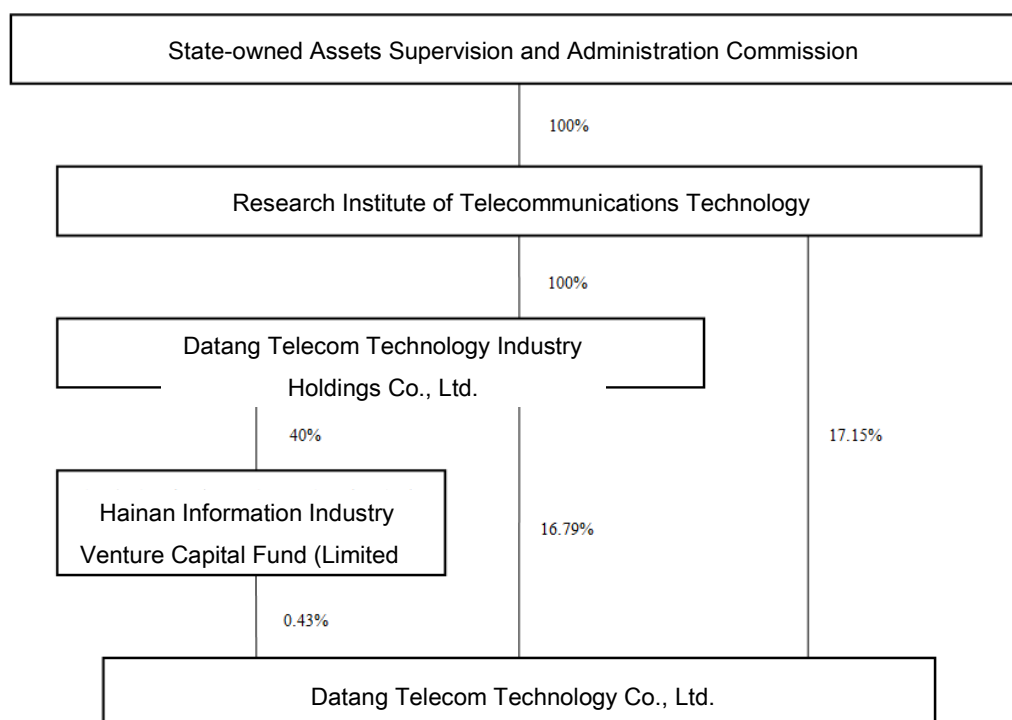
Name	Research Institute of Telecommunications Technology
Person in charge or legal representative	Zhen Caiji
Date of Establishment	January 20, 2001
Main business	Development, production, sales and system integration of communication device, computer and peripherals, electronic software, radio and television device, optical fiber and optical cable, electronic parts and component, other electronic devices, instruments (excluding those with special regulations by the state); technology development and technology services of communication, network, E-commerce, information security and radio and TV;
Equities of other domestic and overseas public companies during the reporting period	As at December 31, 2015, the Research Institute of Telecommunications Technology held 14.04% equities of Gohigh (000851) listed in the Shenzhen Stock Exchange.
Notes to other circumstances	

2 Chart for the property and controlling relationships between the company and the controlling shareholders



(II) Actual controller

1 Chart for the property and controlling relationships between the company and the actual controllers



IV. Other institutional shareholder holding more than 10%

Unit: Yuan					Currency: RMB
Name of institutional shareholder	Person in charge or legal representative	Date of Establishment	Organization code	Registered capital	Main operating business or management activities
DATANG Telecom Technology Industry	Zhen Caiji	March 12, 2007	71093462-5	5,700,000,000	Industrial investment; investment management and

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Name of institutional shareholder	Person in charge or legal representative	Date of Establishment	Organization code	Registered capital	Main operating business or management activities
Holdings Co., Ltd.					consulting; development, production, sales and services of IT, software, chips and equipment; technology development, technology transfer, technical consulting and technology services; import and export business.
Notes	According to the document [2012] No.1293 of the China Securities Regulatory Commission the Official Reply to Approval of Issuance of Shares for Purchase of Assets and Raising of Supporting Funds by the Datang Telecom Technology Co., Ltd. to the Research Institute of Telecommunications Technology and other Companies, the company issued 148,118,845 shares to the DATANG Telecom Technology Industry Holdings Co., Ltd. to purchase 75.88% shares of its Leadcore Technology Co. Ltd. on November 1, 2012.				

V. Notes to limitation on selling shares
☐ applicable ☒ not applicable

Section 7 Preferred Shares
☐ applicable ☒ not applicable

Section 8 Directors, Supervisors, Executives and Staff

I. Shareholding variation and remuneration

(I) Shareholding variation and remuneration of current directors, supervisors and senior management as well as those left the post within the report period S

√ Applicable □ Not applicable

Unit: share											
Name	Post (Note)	Gender	Age	Beginning date of term	Ending date of term	Quantity of shares held at the beginning of year	Number of shares held as at the end of the year	Variation (increase/decrease) of shares within the year	Reason of variation (increase/decrease)	Total remuneration amount received from the Company within the report period (RMB 0,000)before tax)	Whether get paid from related parties of the company
Cao Bin	President	Male	59	August 15, 2007	August 15, 2016					66.01	No
Wang Keqi	Independent director	Male	62	March 8, 2009	August 15, 2016					9.60	No
Zhang Yinghai	Independent director	Male	65	August 15, 2013	August 15, 2016					8.80	No
Zong Wenlong	Independent director	Male	42	February 1, 2016	August 15, 2016					0.00	No
Li Yonghua	Director	Male	40	August 16, 2010	August 15, 2016					6.00	Yes
Duan Chenhui	Director	Male	36	August 15, 2013	August 15, 2016					6.00	Yes
Wang Pengfei	Director	Male	44	February 1, 2016	August 15, 2016					74.00	No
	General Manager			January 1, 2014	December 31, 2016						
Duan Maozhong	Chairman of the Board of Supervisors	Male	51	February 28, 2012	August 15, 2016					6.00	Yes
Li Qian	Supervisor	Female	38	August 15,	August					6.00	Yes

Name	Post (Note)	Gender	Age	Beginning date of term	Ending date of term	Quantity of shares held at the beginning of year	Number of shares held as at the end of the year	Variation (increase/decrease) of shares within the year	Reason of variation (increase/decrease)	Total remuneration amount received from the Company within the report period (RMB 0,000)before tax)	Whether get paid from related parties of the company
Li Xueyuan	Employee supervisor	Female	44	2013 August 4, 2014	15, 2016 August 15, 2016					10.42	No
Jiang Kun	Executive deputy general manager	Male	47	September 20, 2010	December 31, 2016					59.07	No
Qian Guoliang	Executive deputy general manager	Male	44	January 1, 2014	December 31, 2016					61.56	No
Feng Yi	Executive deputy general manager	Male	45	January 1, 2014	December 31, 2016					34.35	No
Wang Hongyan	Executive deputy general manager	Male	44	September 20, 2010	December 31, 2016					53.15	No
Xue Gui	financial director	Male	47	May 24, 2013	December 31, 2016					45.28	No
Sun Jiaxing	Deputy General Manager	Male	38	January 21, 2016	December 31, 2016					0.00	
Liu Jin	Deputy General Manager	Male	42	January 1, 2014	December 31, 2016					65.28	No
Wang	Deputy	Male	45	February	December					46.26	No

Name	Post (Note)	Gender	Age	Beginning date of term	Ending date of term	Quantity of shares held at the beginning of year	Number of shares held as at the end of the year	Variation (increase/decrease) of shares within the year	Reason of variation (increase/decrease)	Total remuneration amount received from the Company within the report period (RMB 0,000)before tax)	Whether get paid from related parties of the company
Yanbin	General Manager			28, 2012	31, 2016						
Liu Xin	Deputy General Manager	Male	48	January 10, 2003	December 31, 2016					30.38	No
Qi Xiubin	Secretary of the Board	Female	38	November 28, 2005	August 15, 2016					41.67	No
Wang Ruihua	Independent director	Male	53	August 15, 2013	February 1, 2016					9.60	No
Qin Xi	Director	Male	45	August 15, 2013	February 1, 2016					6.00	No
Yang Yong	Deputy General Manager	Male	39	January 1, 2014	December 21, 2015					38.94	No
Total	/	/	/	/	/				/	684.37	/

Name	Main working experience
Cao Bin	Successively served as the Vice Plant Manager and Chief Engineer of Nanjing Communication Equipment Plant under the former Ministry of Posts and Telecommunications, the Deputy General Manager of Nanjing Nanfang Telecommunication Co., Ltd.; the Director, Deputy General Manager and Chief Engineer of Nanjing Putian Telecommunications Co., Ltd.; the Deputy General Manager of Technical & Quality Department and the Vice President of System Business Unit of China Potevio Co., Ltd., as well as the Secretary of the Party Committee and Deputy Dean of the Research Institute; the Deputy General Manager and General Manager of Datang Telecom Technology Co., Ltd. Now serves as the President of Datang Telecom Technology Co., Ltd.
Wang Keqi	Successively served as the Deputy Secretary and Deputy Director of the Party Committee of the General Office of the Ministry of Metallurgical Industry; the Deputy General Manager of China Metallurgical Import & Export Corporation; the General Manager of Sinosteel Real Estate Development Company, the General Manager of Sinosteel International Travel

Name	Main working experience
	Service, and the President of Beijing Guangyuan Property Management Co., Ltd.; a member of Leading Party Group and the Deputy Commissioner of Xianyang Administrative Office of Hubei Province; a member of CPC Committee and the Assistant President of Sinosteel, the Director of General Office of Sinosteel, the General Manager and the Secretary of CPC Committee of China Metallurgical Equipment Corporation, the General Manager and the Secretary of CPC Committee of Sinosteel Equipment Company, the Executive Director, the General Manager and the Secretary of CPC Committee of Sinosteel Equipment Co., Ltd., the Secretary of CPC Committee and Vice Dean of Sinosteel Engineering Design Research Institute, etc. Now serves as the Deputy President and Chairman of Shanghai Lanxin Investment Development Co., Ltd., the President of Beijing Kerun Lande Investment Co., Ltd. as well as an Independent Director of Datang Telecom Technology Co., Ltd.
Zhang Yinghai	Once served as the Vice Chancellor of Beijing University of Posts and Telecommunications as well as the Dean of Graduate School, an Independent Director of China United Network Communications Limited, an Independent Director of Beijing Miteno Communication Industrial Technology Co. Ltd., and an Independent Director of Zhuhai DingLi Communications Corporation Ltd. Now served as the professor of Beijing University of Posts and Telecommunications as well as an Independent Director of Ourpalm Co., Ltd., as well as an Independent Director of Datang Telecom Technology Co., Ltd.
Zong Wenlong	Served as the independent director of Ningbo Ligong Online Monitoring Technology Co., Ltd.; now serves as the professor of the Central University of Finance and Economics School of Accountancy, the independent director of Beijing TRANSTRUE Technology Co., Ltd., the independent director of BONC, the independent director of Huadian Power International Corporation Limited, and the independent director of Datang Telecom Technology Co., Ltd.
Li Yonghua	Successively served as an official of the People's Procuratorate of Dongming County, Shandong Province, the Legal Manager of the Assets Department of Beijing Jinbangxin Asset Management Co., Ltd., the Legal Director of the Legal Department of Hanwang Technology Co., Ltd., the Deputy General Manager of the Legal Affairs Department of Datang Telecom Technology Industry Holdings Co., Ltd., the Deputy Chief Legal Counsel of Research Institute of Telecommunications Technology, and the General Manager of the Legal Affairs Department of Datang Telecom Technology Industry Holdings Co., Ltd. Now serves as the Chief Legal Counsel of Research Institute of Telecommunications Technology, the Vice President, the Chief Legal Counsel and the General Manager of the Operation Management Unit of Datang Telecom Technology Industry Holdings Co., Ltd., the President of Datang Mobile Communications Equipment Co., Ltd. , the Executive Director of Datang Liancheng Information System Technology Co., Ltd., an alternate director of Semiconductor Manufacturing International Corporation, Ltd., as well as a Director of Datang Telecom Technology Co., Ltd.
Duan Chenhui	Successively served as the Manager of the General Office and the Manager of the Strategy Department of Research Institute of Telecommunications Technology, the Assistance General Manager of the Strategic Development Department, the General Manager Assistant and the Deputy General Manager of the General Management Department and the Deputy General Manager (in charge of work) of the Strategic Development Department of Datang Telecom Technology Industry Holdings Co., Ltd. Now serves as the Staff Supervisor of Research Institute of Telecommunications Technology, the Staff Supervisor and the General Manager of the Strategic Development Department of Datang Telecom Technology Industry Holdings Co., Ltd., the President of Datang Venture Investment (Hainan) Co., Ltd., as well as a Director of Datang Telecom Technology Co., Ltd.
Wang Pengfei	Successively served as the Deputy Director of the General Office of China Posts And Telecommunications Industry

Name	Main working experience
	Corporation, the Director of the General Office of China Potevio Co., Ltd., and the Assistant President of China Potevio Co., Ltd.; the Deputy Plant Manager of Beijing Posts and Communication Equipment Plant, the Deputy Director of the Research & Development Center of China Potevio Co., Ltd., the Vice President of Nanjing Putian Telecommunications Co., Ltd., the Senior Vice President of Beijing Capitek Co. Ltd., the President of Potevio Capitek Group, and the Vice Deputy Manager of Datang Telecom Technology Co., Ltd. Now serves as the Director as well as General Manager of Datang Telecom Technology Co., Ltd.
Duan Maozhong	Successively served as an assistant researcher of the Philosophy Research Institute of Tianjin Academy of Social Sciences, a department manager of Tianjin Tianhua Limited Liability Accounting Firm, the Financial Manager of CGC Road and Bridge Construction Co., Ltd., a department manager of Beijing Company of BDO China Shu Lun Pan Certified Public Accountant LLP, the Manager of Audit Department of Huatian Investment Co., Ltd., and the Deputy General Manager of the Audit Business Unit of Datang Telecom Technology Co., Ltd. Now serves as the Deputy General Manager of the Operation Management Department of Datang Telecom Technology Industry Holdings Co., Ltd., the Supervisor of Datang Telecom Group Finance Co., Ltd., the Supervisor of Beijing Xinwei Telecom Technology Group Co., Ltd. and the Chairman of the Board of Directors of Datang Telecom Technology Co., Ltd.
Li Qian	Successively served as the Deputy Manager of the Operation & Financial Department of Beijing Datang Carera Investment Co., and the Assistant General Manager of the Financial & Asset Department of Datang Telecom Technology Co., Ltd. Now serves as the Deputy General Manager of the Financial & Asset Department of Datang Telecom Technology Co., Ltd., the Supervisor of Datang Investment Management (Beijing) Co., Ltd., the Supervisor of Datang Telecom Technology International Co., Ltd., , the Director (Vice President) of GOHIGH Data Networks Technology Co., Ltd and the Supervisor of Datang Telecom Technology Co., Ltd.
Li Xueyuan	Successively worked at the General Management Department of Datang Microelectronics Technology Co., Ltd., and the Office of the Party Committee and the General Management Department of Datang Telecom Technology Co., Ltd. Now serves as the Party Work Officer of the Party-Mass Work Division of the General Management Department of Datang Telecom Technology Co., Ltd., and the Employee Supervisor of Datang Telecom Technology Co., Ltd.
Jiang Kun	Successively served as the Office Secretary of China Posts And Telecommunications Industry Corporation, the Project Manager of the Assets Operation Department and the Deputy General Manager of China Potevio Co., Ltd., the Deputy General Manager of Chongqing Potevio Communication Equipment Co. Ltd. (515 Works), and the Assistant General Manager and the General Manager of the Investment Unit of Datang Telecom Technology Co., Ltd. Current executive vice president of Datang Technology Co., Ltd
Qian Guoliang	Successively worked at the Technology Center of Nanjing Toptry Information Industry Group Co., Ltd., as the General Manager of the Data Communication Project Department of Eastcom Inc. (China Potevio Co., Ltd.), the Technical Director of Potevio Information Technology Research Institute (China Potevio Co., Ltd.), the Deputy General Manager of LG Electronics China R&D Center, the Vice President (Executive) of SK Telecom R&D Center (China), and the Assistant President of Datang Telecom Technology Co., Ltd. Current executive vice president of Datang Technology Co., Ltd
Feng Yi	Successively served as the Manager of the Market Planning Department, the Director of Telecom Sector, the Deputy Director of the President Office, the General Manager of the Commercial Department, and the General Manager of the Operation Management Department of Datang Telecom Technology Co., Ltd.; the General Manager of Datang Software Technologies Co., Ltd., and the Assistant General Manager of Datang Telecom Technology Co., Ltd. Current executive vice

Name	Main working experience
	president of Datang Technology Co., Ltd
Wang Hongyan	Successively served as the General Ledger Accountant of Baosteel Beijing Metallurgical Equipment Works, the Chief Audit of International Data Corporation (IDG), the Financial Controller of China Area of iSoftel (China) Co., Ltd., the Financial Controller of KONRUNS Pharmaceutical Co., Ltd., and the Financial Controller of Datang Telecom Technology Co., Ltd. Current executive vice president of Datang Technology Co., Ltd
Xue Gui	Once worked at the Second Institute of the Ministry of Aerospace & Aviation Industry, and successively served as the Chief Accountant of China Yanxing Corporation, the Deputy Chief Accountant and the Manager of the Planning & Financial Department of Beijing Economic-Technological Investment & Development Corporation, the Chief Accountant and a member of CPC Committee of China Foma (Group) Co., Ltd., and the Deputy Chief Accountant of Datang Telecom Technology Industry Group. Now serves as the Chief Financial Official of Datang Telecom Technology Co., Ltd.
Sun Jiaying	Worked at the Ministry of Information Industry, the Ministry of Industry and Information Technology and DATANG Telecom Technology Industry Holdings Co., Ltd.; successively served as the deputy general manager of the integrated circuit division of the software and integrated circuit promotion center of the Ministry of Information Industry, the assistant of the director of the integrated circuit division of the electronic information products office of the Ministry of Information Industry, the director of the integrated circuit division of the electronic information products office of the Ministry of Information Industry, the assistance of the president of DATANG Telecom Technology Industry Holdings Co., Ltd., the deputy general manager of the integrated circuit innovation center of the Research Institute of Telecommunications Technology; and now serves as the deputy general manager of the Datang Telecom Technology Co., Ltd.
Liu Jin	Once worked at the Industrial Department of Research Institute of Telecommunications Technology, and the Marketing Department and the Strategic Planning Department of Datang Telecom Technology Co., Ltd., and successively served as the Deputy Director of the Technical Center, the Manager of the Product Planning Department, the General Manager of the Marketing Department, the General Manager of the Strategic Development Department, the Assistant General Manager and the Employee Supervisor of Datang Telecom Technology Co., Ltd. Now serves as the Deputy General Manager of Datang Telecom Technology Co., Ltd.
Wang Yanbin	Once worked at the Granules Works of Qilu Petrochemical Engineering Co. Ltd., Linzi Subbranch of ICBC Linzi Branch and Beijing Guozhong Investment Management Co., Ltd., and successively served as the Manager of the Investment Banking Department of Beijing Zhongxing United Technology Development Co., Ltd., the Assistant Plant Manager of China Potevio Co., Ltd., the Financial Controller of China Us Bridge Capital Limited, the Capital Operation Director of Beijing Guowang Alliance Technology Co., Ltd, the Financial Controller and the Secretary of the Board of Directors of Beijing Simic Telecom Technology Co., Ltd., the Deputy General Manager of the Operation Management Department of Datang Telecom Technology Co., Ltd., and the Chairman of Board of Supervisors of Datang Telecom Technology Co., Ltd. Current vice president of Datang Technology Co., Ltd.
Liu Xin	Once worked at the 213rd Research Institution of the Ministry of Ordnance Industry, and successively served as the Deputy General Manager, the Executive Deputy General Manager, the Executive General Manager and the General Manager of Xi'an Datang Telecom Technology Co., Ltd. Current vice president of Datang Telecom Technology Co., Ltd.

Notes to other circumstances

1. In 2015, Wang Ruihua applied to resign his position as the independent director of the sixth board of directors and the member of the special committee of the board of directors from the company for personal reasons. See the Announcement of Datang Telecom Technology Co., Ltd. on Resignation of Independent Directors in the website of Shanghai Exchange Stock on December 11, 2015.
2. In 2015, Yang Yong resigned his position as the deputy general manager of Datang Telecom Technology Co., Ltd. for job changes.
3. In 2015, Qin Xi applies to resign his position as the director of the sixth board of directors and the member of the special committee of the board of directors from the company for personal reasons. See the Announcement of Datang Telecom Technology Co., Ltd. on Resignation of Directors in the website of Shanghai Exchange Stock on December 29, 2015.

(II) Equity incentives granted to directors, supervisors and senior management within the reporting period.

☐ applicable ☒ not applicable

II. Service status of current directors, supervisors and senior management and those left the office within the reporting period

(I) Service status in shareholder companies

☒ Applicable ☐ Not applicable

Name of employee	Name of shareholder company	Position held in the shareholder company	Beginning date of term	Ending date of term
Li Yonghua	China Academy of Telecommunications Technology	General counsel	June 2011	
Li Yonghua	Datang Telecom Technology Industry Holdings Co., Ltd.	Vice President and General Manager of Operation Management Department	December 2011	
Li Yonghua	Datang Telecom Technology Industry Holdings Co., Ltd.	General counsel	June 2011	
Duan Chenhui	China Academy of Telecommunications Technology	Employee supervisor	May 2008	
Duan Chenhui	Datang Telecom Technology Industry Holdings Co., Ltd.	Employee supervisor	June 2014	
Duan Chenhui	Datang Telecom Technology Industry Holdings Co., Ltd.	General Manager of Strategic Development Department	January 2014	
Duan Maozhong	Datang Telecom Technology Industry Holdings Co., Ltd.	Deputy General Manager of Operation Management Department	December 2011	
Li Qian	Datang Telecom Technology Industry Holdings Co., Ltd.	Deputy General Manager of Financial Asset Department	August 2012	
Description of service status in shareholder company				

(II) Service status in other companies

√ Applicable □ Not applicable

Name of employee	Name of other companies	Position held in other companies	Beginning date of term	Ending date of term
Wang Keqi	Shanghai Lanxin Investment Development Co., Ltd.	Vice President and General Manager	January 2010	
Wang Keqi	Beijing Kerun Lande Investment Co., Ltd.	President	January 2012	
Zhang Yinghai	Beijing University of Posts and Telecommunications	Professor	June 2008	Retired on March 31, 2016
Zong Wenlong	Central University of Finance and Economics	Teacher	2005	
Zong Wenlong	Beijing TRANSTRUE Technology Co., Ltd.,	Independent director	2011	
Zong Wenlong	BONC	Independent director	2015	
Zong Wenlong	Huadian Power International Corporation Limited	Independent director	2015	
Li Yonghua	Semiconductor Manufacturing International Corporation	Alternate Director	October 2013	
Li Yonghua	Datang Mobile Communications Equipment Co., Ltd.	President	September 2014	
Li Yonghua	Datang Liancheng Information System Technology Co., Ltd.	Executive director	September 2014	
Duan Chenhui	Datang Venture Capital Investment (Hainan) Co., Ltd.	President	January 2014	
Duan Maozhong	Datang Telecom Group Finance Co., Ltd.	Supervisor	June 2011	
Duan Maozhong	Beijing Xinwei Telecom Technology Group Co., Ltd	Supervisor	September 2014	
Li Qian	Datang Capital (Beijing) Co., Ltd.	Supervisor	April 2013	
Li Qian	Datang Telecom Technology International Co., Ltd.	Supervisor	May 2013	
Li Qian	Gohigh Data Network Technology Co., Ltd.	Director	December 2015	
Description of service status in other companies				

III. Remuneration of directors, supervisors and senior management

Decision-making procedure for remuneration of senior management	The remuneration of directors and supervisors shall be determined by the General Meeting of Shareholders, and that of senior management shall be determined by the Board of Directors.
Basis for determining remuneration of directors, supervisors and senior management	The remuneration of directors and supervisors shall be paid according to the allowance criteria determined per the Proposal on Granting Employee compensation or Subsidy to Directors and Supervisors of the Company approved in the First Extraordinary General Meeting of Shareholders in 2000 and the Proposal on Remuneration Criteria for Directors and Supervisors Not Working in the Company approved in the General Meeting of Shareholders of 2007, the remuneration of independent directors shall be paid according to the independent director allowance criteria determined in the Fourth Extraordinary General Meeting of Shareholders of 2007, and the remuneration of senior management shall be paid according to the 2015 Senior Management Appraisal and Incentive Proposal reviewed and approved in the 31st Meeting of the 6th Board of Directors of the Company.
Remuneration payable to directors, supervisors and senior management	See the Shareholding variation and remuneration of current directors, supervisors and senior management as well as those left the post within the reporting period in this section for details.
Total remuneration actually paid to all directors, supervisors and senior management at the end of the reporting period	RMB 6,843,700

IV. Variation of directors, supervisors and senior management of the Company

Name	Position held	Variation	Reason for changes
Zong Wenlong	Independent director	Election	Job changes
Wang Pengfei	Director	Election	Job changes
Sun Jiaying	Deputy General Manager	Existing employment	Job changes
Wang Ruihua	Independent director	Outgoing	Job changes
Qin Xi	Director	Outgoing	Job changes
Yang Yong	Deputy General Manager	Outgoing	Job changes
Qi Xiubin	Secretary to the Board of Directors	Outgoing	Job changes

V. Notes to the circumstances under which the company were punished by the security regulators in the latest three years

☐ applicable ☒ not applicable

VI. Employees of parent company and main subsidiaries**(I) Employee information**

Number of current employees of parent company	162
Number of current employees of main subsidiaries	5,039
Total number of current employees	5,201
Number of retired employees that the parent company and the main subsidiaries shall bear the cost	346
Disciplines	
Discipline type	Number of people
Production personnel	903
Marketing personnel	629
Technical personnel	685
Financial staff	161
Administration staff	457
R & D personnel	1,869
Engineering personnel	201
Other personnel	296
Total	5,201
Education:	
Education category	Number (person)
Doctor	24
Master	966
Undergraduate	2,352
Junior college	977
Technical secondary school and below	882
Total	5,201

(II) Remuneration policy

The remuneration policy of the Company is based on the Method for the Management of Remuneration and Benefits.

(III) Training plan

The company focuses on its strategies and annual key work deployment to persistently bring forth new ideas in the training brands, keep the training informative, develop new talent training method, and improve the talent training system by stratification and classification with a theme on "training camp, public class and academic education". For senior cadres, the company considers the "TOP Camp" as the brand, strengthen its strategic thinking, enhance their courage; for the operation and management reserved talents, considers "JUMP camp" as the subject, improve their overall qualities and broaden their knowledge; for all the cadres, adheres to consider the "Datang Open Class" as the brand, improve their technical level and productivity and popularize their knowledge.

(IV) Labour outsourcing

Total man-hour of labour outsourcing	1,140,421 hours
Total remuneration paid for labour outsourcing	RMB 21,415,200

Section 9 Company governance**I. Description of company governance**

The Company strictly follows the requirements of the Company Law, the Securities Law, the Code of Corporate Governance for Public companies in China and relevant laws and regulations, continuously improves the legal-person governance structure, improves various management systems and promote the standardized operation level.

There is no discrepancy between the governance structure of the Company and the requirements of relevant documents of CSRC.

- (1) Shareholders and general meeting of shareholders: The Company has treated all shareholders equally, and ensured all shareholders to adequately implement their rights. The convening procedure of the General Meeting of Shareholders meets the provisions of relevant laws and regulations, such as the Company Law, the Code of Corporate Governance for Public companies, etc. In the reporting period, the Company held one Annual General Meeting of Shareholders and two Extraordinary General Meetings of Shareholders under the witness of lawyer, for which, the lawyer issued the Legal Opinion.
- (2) Controlling shareholder and public company: The controlling shareholder of the Company has performed the rights of contributor in accordance with law, and has not surpassed the General Meeting of Shareholders to intervene the operation decision-making of the Company. The Company is independent of the controlling shareholder in respect of personnel, assets, organization, business, finance, etc., has a complete business system and the capacity of independent operation in the market, and all major decisions of the Company have been made by the General Meeting of Shareholders and the Board of Directors in accordance with the Articles of Association and the provisions of relevant laws and regulations. In the reporting period, the Company has disclosed the controlling shareholder connected transactions in a timely and sufficiently manner, and the controlling shareholder hasn't committed any acts to encroach or hurt the interests of public companies and other shareholders.
- (3) Directors and Board of Directors: The Company elected directors in strict accordance with the provisions of the Company Law and the Articles of Association, the number and composition of directors meet the requirements of laws and regulations, and members of the Board of Directors can diligently and carefully implement the responsibilities and obligations stipulated by laws and regulations. In the reporting period, the Company held 9 meetings of the Board of Directors.
- (4) Supervisors and the Board of Supervisors: The number and personnel of the Board of Supervisors meet the requirements of laws and regulations, and members of the Board of Supervisors can carefully implement the responsibilities and obligations stipulated by laws and regulations, positively participate in the discussion of major decision-making of the Company, review the periodic reports of the Company, and present the General Meeting of Shareholders and the meetings of the Board of Directors to supervise the directors and the senior management in fulfilling their duties and safeguard the legal interests of the Company and shareholders. In the reporting period, the Company held four meetings of the Board of Supervisors.
- (5) Interested parties: The Company fully respects and safeguard the legal interests of interested parties, and makes great efforts to achieve coordinated and balanced interests among shareholders, employees, the society, etc., to commonly promote the sustainable and healthy development of the Company.
- (6) Information disclosure and transparency: The Company has truthfully, accurately, completely and timely disclosed information in strict accordance with the provisions of laws, regulations and the Articles of Association.

In the reporting period, the Company registered the insiders in strict accordance with relevant provisions of the insider registration system, and reported the insider information in a timely manner according to the requirements of the supervisory authority, to effectively prevent the inside information from leaking and ensure the fairness of information disclosure.

Whether there are significant differences; there are serious differences between the corporate governance and the relevant provisions of the China Securities Regulatory Commission; if any, the reasons should be explained. None.

II. Brief introduction of General Meeting of Shareholders

Number of meeting	Time	Search index on designated website published the resolution	Date the resolution was published for disclosure
First interim meeting of shareholders of DATANG Telecom Technology Co., Ltd. in 2015	April 10, 2015	http://www.sse.com.cn	April 11, 2015
2014 Annual General Meeting of DATANG Telecom Technology Co., Ltd.	May 8, 2015	http://www.sse.com.cn	May 9, 2015
Second interim meeting of shareholders of DATANG Telecom Technology Co., Ltd. in 2015	October 14, 2015	http://www.sse.com.cn	October 15, 2015

Notes to General Meeting of Shareholders

III. Execution of duty by directors**(I) Participation of meeting of Board of Directors and General Meeting of Shareholders by directors**

Name of director	Independent director (Y/N)	Participation of meeting of Board of Directors						Participation of General Meeting of Shareholders
		Number of meetings that should attend	Number of meetings attended in person	Number of meetings attended via communication means	Number of meetings attended via delegation	Number of absent meetings	Failed to attend meetings for two consecutive times (Y/N)	Number of meetings attended
Cao Bin	No	9	9	7	0	0	No	3
Wang Keqi	Yes	9	9	8	0	0	No	2
Zhang Yinghai	Yes	9	9	8	0	0	No	3
Wang Ruihua	Yes	9	9	7	0	0	No	0
Li Yonghua	No	9	9	7	0	0	No	2
Duan Chenhui	No	9	8	7	1	0	No	1
Qin Xi	No	9	8	8	1	0	No	1

Notes to the failure of attending two consecutive meetings of the Board personally

Number of meetings of the Board of Directors held in the year	9
Including: number of on-site meetings	0
number of meetings held via communication means	7
number of meetings held in combination with on-site and communication means	2

IV. Important opinions and suggestions of special committees under the Board of Directors proposed in execution of duty in the report period, and any disputed matters should be disclosed in details

In the reporting period, the Audit Committee under the Board of Directors held six meetings, and the Remuneration and Appraisal Committee held two meetings. As a specialized operating mechanism of the Board of Directors, each special committee has offered important advisory opinions and

suggestions in respect of annual report audit, internal control system construction, audit office recruitment, related party transactions remuneration review, etc.

V. Risks of the Company identified by the Board of Supervisors

The Board of Supervisors had no objection for supervision matters in the reporting period.

VI. Notes to the circumstances that the company and its controlling shareholders can not maintain independence or independent operating ability in the aspects such as businesses, personnel, assets, organization and finance

Not applicable.

Solutions, job schedule and follow-up program in case of horizontal competition Not applicable

VII. Appraisal mechanism for senior management and establishment and implementation of incentive mechanism in the reporting period

The Company appraised the senior management per the 2015 Senior Management Appraisal and Incentive Proposal approved in the 31st meeting of the Sixth Board of Directors. The General Manager of the Company was appraised per the 2015 Business Performance Appraisal Proposal. The Deputy General Manager, the Financial Controller and the Secretary of the Board of Directors were appraised per the appraisal KPIs set for the businesses in charge, and were paid with the annual performance bonus based on “annual performance bonus = annual basic salary × fulfillment factor × adjustment factor × position factor × service time factor”.

As of the disclosure date of the Report, the Company didn't implement the equity based long-term incentive mechanism for the senior management.

VIII. Whether disclose self-assessment report on internal control or not

✓ Applicable □ Not applicable

See the website of Shanghai Stock Exchange on April 23, 2016 for the details of the assessment report on internal control of the company.

Notes to significant defects in the internal control during the reporting period

□ applicable ✓ not applicable

IX. Notes to the auditors' report on internal control

The company hired the BDO Shu Lun Pan Certified Public Accountants LLP to audit the internal control of 2015.

The accounting firm issued a standard unqualified auditors' report on internal control consistent with the opinion of the internal control assessment report of the company.

See the website of Shanghai Stock Exchange on April 23, 2016 for the details of the auditors' report on internal control of the company.

Whether disclose auditors' report on internal control or not: Yes

Section 10 Corporate Bonds

□ applicable ✓ not applicable

Section 11 Financial Report

I. Auditors' Report

✓ Applicable □ Not applicable

To all the shareholders of DATANG Telecom Technology Co., Ltd.:

We have audited the accompanying financial statements of Datang Telecom Technology Co., Ltd. (hereinafter referred to as the "Company"), which comprise the consolidated balance sheet and the balance sheet of the Company as at December 31, 2015, the consolidated income statement and the income statement of the Company, the consolidated statement of cash flow and the statement of cash flow of the Company, the consolidated statement of changes in shareholders' equity and the statement of cash flow of the Company for the year ended and the notes to the financial statements.

1 Management's Responsibility for the Financial Statements

Management of the Company is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing the financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation of the financial statements; (2) designing, implementing and maintaining internal control that is necessary to enable the financial statements that are free from material misstatement, whether due to fraud or error.

2 Auditor's Responsibilities

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider the internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

3 Opinion

In our opinion, the financial statements of the Company are prepared in accordance with Accounting Standards for Business Enterprises and present fairly, in all material respects, the consolidated financial position and the financial position of the parent company as at December 31, 2015 and the consolidated operating results and cash flows and the operating results and cash flows of the parent company for the year 2015.

BDO CHINA Shu Lun Pan Certified Public Accountants LLP

Shanghai, China

Certified Public Accountant of China: Cai Xiaoli

Certified Public Accountant of China: Wang Shouyi

April 21, 2016

II. Financial statements

Consolidated Balance Sheet

December 31, 2015

Prepared by: Datang Telecom Technology Co., Ltd.

Unit: Yuan

Currency: RMB

Item	Note 5	Ending balance	Beginning balance
CURRENT ASSETS:			
Cash and cash equivalents	1	1,310,206,685.49	1,824,447,546.65
Balances with clearing companies		-	-
Loans to banks and other financial institutions		-	-
Financial assets at fair value through profit and loss		-	-
Financial derivative		-	-
Notes receivable	2	535,145,456.40	817,378,061.22
Accounts receivable	3	3,184,452,323.65	3,841,428,226.36
Advances to suppliers	4	713,856,820.84	622,898,112.53
Premiums receivable		-	-
Reinsurance accounts receivable		-	-
Reinsurance contract reserves receivable		-	-
Interests receivable		-	-
Dividends receivable	5	2,812,051.53	2,612,662.58
Other receivables	6	246,427,297.98	244,246,067.94
Financial assets purchased under resale agreements		-	-
Inventories	7	2,060,449,789.49	1,792,340,677.49
Assets held for sale			
Non-current assets maturing within one year			
Other current assets	8	202,148,916.10	50,000,000.00
TOTAL CURRENT ASSETS		8,255,499,341.48	9,195,351,354.77
NON-CURRENT ASSETS:			
Disbursement of loans and advances			
Available-for-sale financial assets	9	53,143,748.75	53,143,748.75
Held-to-maturity investments		-	-
Long-term receivables	10	14,751,100.00	20,449,976.61
Long-term equity investments	11	559,635,819.75	217,833,379.04
Investment properties		-	-
Fixed assets	12	833,746,355.02	859,108,262.30
Construction in progress	13	192,589,738.24	109,228,076.81
Project materials		-	-
Disposal of fixed assets		-	-
Productive biological assets		-	-
Oil and gas assets		-	-
Intangible assets	14	1,636,994,991.96	1,336,161,883.07
Development expenses	15	591,067,871.95	517,034,425.34
Goodwill	16	1,591,758,184.39	1,608,130,229.39
Long-term deferred expenses	17	7,505,842.01	14,071,839.12
Deferred income tax assets	18	57,887,783.89	34,096,965.86
Other non-current assets		-	-
TOTAL NON-CURRENT ASSETS		5,539,081,435.96	4,769,258,786.29
TOTAL ASSETS		13,794,580,777.44	13,964,610,141.06
Current liabilities:			
Short-term borrowings	19	2,351,396,739.98	3,433,917,237.58
Borrowings from central bank		-	-
Absorption of deposits and interbank deposit		-	-
Loans from banks and other financial institutions		-	-
Financial liabilities measured at fair value through			

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Item	Note 5	Ending balance	Beginning balance
current profit and loss		-	-
Derivative financial liabilities		-	-
Notes payable	20	823,517,143.66	421,911,787.84
Accounts payable	21	1,449,936,891.42	1,375,459,464.00
Advances from customers	22	344,065,155.81	302,765,733.81
Financial assets sold under repurchase agreements		-	-
Handling charges and commissions payable		-	-
Employee compensation payable	23	34,600,319.72	38,430,221.68
Taxes and surcharges payable	24	89,787,451.25	62,259,744.92
Interest payables	25	20,903,485.55	19,005,182.20
Dividends payable	26	17,446,367.21	37,187,080.46
Other payables	27	241,946,135.93	285,204,241.63
Reinsurance accounts payable		-	-
Reserves for insurance contracts		-	-
Receivings from vicariously traded securities		-	-
Receivings from vicariously sold securities		-	-
Liabilities held for sale		-	-
Non-current liabilities maturing within one year	28	570,000,000.00	-
Other current liabilities		-	-
TOTAL CURRENT LIABILITIES		5,943,599,690.53	5,976,140,694.12
NON-CURRENT LIABILITIES:			
Long-term borrowings	29	657,503,175.48	1,384,596,268.44
Bonds payable	30	994,883,934.85	988,062,220.35
Including: preferred stock			
Perpetual capital securities		-	-
Long-term payables	31	1,580,111,488.00	1,041,875,046.60
Long-term employee compensation payable			
Special payables	32	63,090,000.00	68,300,000.00
Estimated liabilities			
Deferred income	33	205,023,077.75	222,023,476.41
Deferred income tax liabilities	18	11,736,553.38	12,658,769.15
Other non-current liabilities			
TOTAL NON-CURRENT LIABILITIES		3,512,348,229.46	3,717,515,780.95
Total liabilities		9,455,947,919.99	9,693,656,475.07
Owners' equity			
Equity	34	882,108,472.00	882,108,472.00
Other equity instruments			
Including: preferred stock			
Perpetual capital securities			
Capital reserve	35	3,693,897,995.09	3,682,967,691.52
Less: treasury stock			
Other comprehensive income	36	-3,646,538.83	1,650,181.12
Special reserves		-	
Surplus reserves	37	60,500,071.92	59,839,287.96
General risk reserve			
Undistributed profit	38	-561,604,574.96	-595,796,939.85
Total equity attributable to owners of the parent company		4,071,255,425.22	4,030,768,692.75
Consequence amount of Minority interest income (after tax)		267,377,432.23	240,184,973.24
TOTAL OWNERS' EQUITY		4,338,632,857.45	4,270,953,665.99
TOTAL LIABILITIES AND OWNERS' EQUITY		13,794,580,777.44	13,964,610,141.06

Legal Representative: Cao Bin
Head of the Accounting Department: Ouyang Guoyu

Accounting Principal: Xue Gui

BALANCE SHEET OF THE PARENT COMPANY

December 31, 2015

Prepared by: Datang Telecom Technology Co., Ltd.

Unit: Yuan

Currency: RMB

Item	Note 15	Ending balance	Beginning balance
CURRENT ASSETS:			
Monetary funds		159,174,165.67	295,529,375.42
Financial assets measured at fair value through current profit and loss			
Financial derivative			
Notes receivable		500,000.00	183,643,615.74
Accounts receivable	1	465,466,611.88	659,579,513.26
Advances to suppliers		161,303,003.19	153,876,024.04
Interests receivable			
Dividends receivable		133,924,016.66	157,298,394.03
Other receivables	2	2,272,052,905.53	2,478,057,962.86
Inventories		106,802,727.26	120,610,923.10
Assets held for sale			
Non-current assets maturing within one year			
Other current assets		57,823,380.71	45,585,290.21
TOTAL CURRENT ASSETS		3,357,046,810.90	4,094,181,098.66
NON-CURRENT ASSETS:			
Available-for-sale financial assets		30,114,476.21	30,114,476.21
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	3	4,817,005,652.61	4,553,309,430.56
Investment properties			
Fixed assets		150,092,888.25	159,371,974.28
Construction in progress		192,589,738.24	108,554,681.81
Project materials			
Disposal of fixed assets			
Productive biological assets			
Oil and gas assets			
Intangible assets		187,320,347.24	210,285,536.50
Development expenses		31,082,861.55	11,233,177.34
Goodwill			
Long-term deferred expenses		192,241.00	464,174.00
Deferred income tax assets			
Other non-current assets			
TOTAL NON-CURRENT ASSETS		5,408,398,205.10	5,073,333,450.70
TOTAL ASSETS		8,765,445,016.00	9,167,514,549.36
Current liabilities:			
Short-term borrowings		714,000,000.00	1,650,000,000.00
Financial liabilities measured at fair value through current profit and loss			
Derivative financial liabilities			
Notes payable			20,050,000.00
Accounts payable		210,176,554.07	207,361,178.74
Advances from customers		13,809,949.43	8,382,005.03
Employee compensation payable		277,922.52	304,376.21
Taxes and surcharges payable		3,194,698.54	-9,942,403.36
Interest payables		1,907,111.11	2,909,164.91
Dividends payable			
Other payables		964,819,626.32	988,303,119.30
Liabilities held for sale			

Item	Note 15	Ending balance	Beginning balance
Non-current liabilities maturing within one year		500,000,000.00	
Other current liabilities			
TOTAL CURRENT LIABILITIES		2,408,185,861.99	2,867,367,440.83
NON-CURRENT LIABILITIES:			
Long-term borrowings		657,503,175.48	1,284,596,268.44
Bonds payable			
Including: preferred stock			
Perpetual capital securities			
Long-term payables		1,627,000,000.00	1,077,000,000.00
Long-term employee compensation payable			
Special payables			
Estimated liabilities			
Deferred income		11,083,275.00	4,599,715.20
Deferred income tax liabilities			
Other non-current liabilities			
TOTAL NON-CURRENT LIABILITIES		2,295,586,450.48	2,366,195,983.64
Total liabilities		4,703,772,312.47	5,233,563,424.47
Owners' equity			
Equity		882,108,472.00	882,108,472.00
Other equity instruments			
Including: preferred stock			
Perpetual capital securities			
Capital reserves		4,019,059,747.45	4,008,177,287.51
Less: treasury stock			
Other comprehensive income			
Special reserves			
Surplus reserves		60,500,071.92	59,839,287.96
Undistributed profits		-899,995,587.84	-1,016,173,922.58
TOTAL OWNERS' EQUITY		4,061,672,703.53	3,933,951,124.89
TOTAL LIABILITIES AND OWNERS' EQUITY		8,765,445,016.00	9,167,514,549.36

Legal Representative: Cao Bin

Accounting Principal: Xue Gui

Head of the Accounting Department: Ouyang Guoyu

CONSOLIDATED INCOME STATEMENT

January - December 2015

Unit: Yuan

Currency: RMB

Item	Note 5	Year 2015	Year 2014
I. TOTAL OPERATING INCOME	39	8,602,588,791.38	7,984,031,029.75
Including: Operating income	39	8,602,588,791.38	7,984,031,029.75
Interest income			
Premiums earned		-	-
Income from handling charges and commissions		-	-
II. Total operating costs		9,278,882,724.14	7,953,366,904.20
Including: Operating costs	39	7,494,012,338.05	6,384,289,162.66
Including: interest expenses			
Handling charges and commissions expenses			
Surrender value			
Net amount of compensation payout			
Net amount withdrawn for insurance contract reserves			
Policy dividend payment			
Reinsurance costs			
Business taxes and surcharges	40	24,564,660.35	36,252,138.32
Selling expenses	41	338,621,515.24	313,689,957.63
General and administrative expenses	42	757,913,442.81	760,817,477.98
Financial expenses	43	368,295,785.02	339,052,910.89
Losses from asset impairment	44	295,474,982.67	119,265,256.72
Plus: Plus: gains from changes in fair value ("-" for losses)			
Investment income ("-" for losses)	45	465,748,701.22	27,420,591.07
Including: Including: income from investment in associates and joint ventures	45	2,436,491.72	-14,226,078.56
Foreign exchange gains ("-" for losses)			
III. OPERATING PROFITS ("-" For Losses)		-210,545,231.54	58,084,716.62
Plus: Plus: non-operating income	46	298,604,959.89	261,383,850.51
Including: Gains from disposal of non-current assets	46	25,946,288.77	18,389,059.04
Less: Non-operating expenses	47	3,165,085.49	2,135,571.94
Including: Including: losses from disposal of non-current assets	47	2,085,038.17	1,876,158.11
IV. Total profits before tax ("-" For Total Losses)		84,894,642.86	317,332,995.19
Less: Income tax expenses	48	39,916,037.65	69,657,676.51
V. NET PROFIT ("-" For Net Loss)		44,978,605.21	247,675,318.68
Net profit attributable to owners of the parent company		28,443,877.59	217,042,207.05
Minority interest income		16,534,727.62	30,633,111.63
VI. Net Amount of Other After-tax Comprehensive Income		-5,296,719.95	3,681,255.64
Net amount of other after-tax comprehensive income attributable to owners of the parent company		-5,296,719.95	3,681,255.64
(I) Other comprehensive income that can not be reclassified into profits or losses later			
1. changes arising from re-measurement of net liabilities or net assets of defined benefit plan			
2. Share in other comprehensive income of			

Item	Note 5	Year 2015	Year 2014
the investee that can not be reclassified into profits or losses under the equity method			
(II) Other comprehensive income to be classified into profits or losses later		-5,296,719.95	3,681,255.64
1. Share in other comprehensive income of investee that will be reclassified into profits or loss under equity method			
2. Gains or losses on changes in fair value of financial assets available for sale			
3. Profits or losses arising from reclassification of held-to-maturity investments as financial assets available for sale			
4. Effective portion of cash flow hedging gains and losses			
5. Translation differences of financial statements dominated in foreign currency		-5,296,719.95	3,681,255.64
6. Others			
Other after-tax comprehensive income attributable to minority shareholders			
VII. TOTAL COMPREHENSIVE INCOME		39,681,885.26	251,356,574.32
Total comprehensive income attributable to owners of the parent company		23,147,157.64	220,723,462.69
Total comprehensive income attributable to minority shareholders		16,534,727.62	30,633,111.63
VIII. EARNINGS PER SHARE:			
(I) Basic earnings per share (RMB per share)		0.0322	0.2562
(II) Diluted earnings per share (RMB per share)		0.0322	0.2562

Legal Representative: Cao Bin

Accounting Principal: Xue Gui

Head of the Accounting Department: Ouyang Guoyu

INCOME STATEMENT OF THE PARENT COMPANY

January - December 2015

Unit: Yuan

Currency: RMB

Item	Note 15	Year 2015	Year 2014
I. Operating Income	4	204,304,035.80	461,541,613.25
Less: Operating costs	4	175,339,281.90	425,720,744.53
Business taxes and surcharges		2,088,491.36	2,666,907.28
Selling expenses		5,551,053.08	23,144,455.97
General and administrative expenses		147,515,264.81	122,895,960.40
Financial expenses		157,895,624.96	126,379,404.77
Losses from asset impairment		60,886,603.61	20,949,075.58
Plus: Plus: gains from changes in fair value ("-" for losses)			
Investment income ("-" for losses)	5	431,354,144.19	248,566,889.47
Including: Including: income from investment in associates and joint ventures		3,907,380.48	-5,102,801.18
II. OPERATING PROFITS ("-" For Losses)		86,381,860.27	-11,648,045.81
Plus: Plus: non-operating income		48,907,983.44	15,324,987.47
Including: Gains from disposal of non-current assets		25,932,910.56	
Less: Non-operating expenses		24,859,996.27	12,141,168.20
Including: Including: losses from disposal of non-current assets		1,299,118.93	390,958.19
III. TOTAL PROFITS BEFORE TAX ("-" For Total Losses)		110,429,847.44	-8,464,226.54
Less: Income tax expenses			
IV. NET PROFITS ("-" For Net Losses)		110,429,847.44	-8,464,226.54
V. Net Amount of Other After-tax Comprehensive Income			
(I) Other comprehensive income that can not be reclassified into profits or losses later			
1. changes arising from re-measurement of net liabilities or net assets of defined benefit plan			
2. Share in other comprehensive income of the investee that can not be reclassified into profits or losses under the equity method			
(II) Other comprehensive income to be classified into profits or losses later			
1. Share in other comprehensive income of investee that will be reclassified into profits or loss under equity method			
2. Gains or losses on changes in fair value of financial assets available for sale			
3. Profits or losses arising from reclassification of held-to-maturity investments as financial assets available for sale			
4. Effective portion of cash flow hedging gains and losses			
5. Translation differences of financial statements dominated in foreign currency			
6. Others			
VI. Total comprehensive income		110,429,847.44	-8,464,226.54
VII Earnings per share			
(I) Basic earnings per share (RMB per share)			
(II) Diluted earnings per share (RMB per share)			

Legal Representative: Cao Bin

Accounting Principal: Xue Gui

Head of the Accounting Department: Ouyang Guoyu

CONSOLIDATED STATEMENT OF CASH FLOWS

January - December 2015

Unit: Yuan

Currency: RMB

Item	Note 5	Year 2015	Year 2014
I. CASH FLOW FROM OPERATING ACTIVITIES:			
Cash received from sales of goods and rendering of services		9,993,717,741.26	8,513,262,006.14
Net increase in customer bank deposits and placement from banks and other financial institutions			
Net increase in borrowings from central bank			
Net increase in loans from other financial institutions			
Premiums received from original insurance contracts			
Net cash received from reinsurance business			
Net increase in deposits and investments from policyholders			
Net increase received from disposal of financial assets measured at fair value through current profit and loss			
Cash received from interest, handling charges and commissions			
Net increase in loans from banks and other financial institutions			
Net capital increase in repurchase business			
Refunds of taxes and surcharges		31,364,165.55	28,202,742.58
Cash received from other operating activities	49	610,519,300.87	315,247,299.10
SUB-TOTAL OF CASH INFLOWS FROM OPERATING ACTIVITIES		10,635,601,207.68	8,856,712,047.82
Cash paid for goods purchased and services received		8,204,691,200.37	8,012,482,294.60
Net increase in loans and advances to customers			
Net increase in deposits in central bank and other banks and financial institutions			
Cash paid for original insurance contract claims			
Cash paid for interests, handling charges and commissions			
Cash paid for policy dividends			
Cash paid to and on behalf of employees		628,063,924.14	638,853,950.44
Cash paid for taxes and surcharges		262,123,624.14	233,224,254.75
Cash paid for other operating activities	49	637,152,884.47	559,202,052.50
SUB-TOTAL OF CASH OUTFLOWS FROM OPERATING ACTIVITIES		9,732,031,633.12	9,443,762,552.29
NET CASH FLOWS FROM OPERATING ACTIVITIES		903,569,574.56	-587,050,504.47
II. CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received from disposal of investments		325,000,000.00	
Cash received from returns on investments		4,556,743.57	111,731.12

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Item	Note 5	Year 2015	Year 2014
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		91,964,292.14	88,997,586.00
Net cash received from disposal of subsidiaries and other business units		276,281,276.07	
Cash received from other investing activities	49	7,235,738.72	147,651,976.67
SUB-TOTAL OF CASH INFLOWS FROM INVESTING ACTIVITIES		705,038,050.50	236,761,293.79
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		741,279,449.99	448,482,696.80
Cash paid for investments		450,399,086.97	22,474,172.00
Net increase in pledge loans			
Net cash paid to acquire subsidiaries and other business units			234,373,605.42
Cash paid for other investing activities	49	23,413,356.78	175,010,913.42
SUB-TOTAL OF CASH OUTFLOWS FROM INVESTING ACTIVITIES		1,215,091,893.74	880,341,387.64
NET CASH FLOWS FROM INVESTING ACTIVITIES		510,053,843.24	-643,580,093.85
III. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from investors		69,937,751.75	436,809,003.08
Including: Cash received by subsidiaries from investments by minority shareholders		69,937,751.75	26,324,797.00
Cash received from borrowings		4,555,032,707.97	8,556,167,202.83
Cash received from bonds issue			
Cash received from other financing activities	49	56,533,984.34	68,300,000.00
SUB-TOTAL OF CASH INFLOWS FROM FINANCING ACTIVITIES		4,681,504,444.06	9,061,276,205.91
Cash paid for debt repayments		5,181,857,645.45	7,036,760,831.30
Cash paid for distribution of dividends and profits or payment of interest		393,473,593.07	340,145,494.90
Including: dividends and profits paid to minority shareholders by subsidiaries			
Cash paid for other financing activities	49	167,063.25	91,960,027.35
SUB-TOTAL OF CASH OUTFLOWS FROM FINANCING ACTIVITIES		5,575,498,301.77	7,468,866,353.55
NET CASH FLOWS FROM FINANCING ACTIVITIES		-893,993,857.71	1,592,409,852.36
IV. EFFECT OF FLUCTUATION IN EXCHANGE RATE ON CASH AND CASH EQUIVALENTS		8,503,335.45	3,325,869.64
V. NET INCREASE IN CASH AND CASH EQUIVALENTS		-491,974,790.94	365,105,123.68
Plus: balance of cash and cash equivalents as at the beginning of the period		1,588,853,839.52	1,223,748,715.84
VI. BALANCE OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1,096,879,048.58	1,588,853,839.52

Legal Representative: Cao Bin
Head of the Accounting Department: Ouyang Guoyu

Accounting Principal: Xue Gui

STATEMENT OF CASH FLOWS OF THE PARENT COMPANY

January - December 2015

Unit: Yuan

Currency: RMB

Item	Note 15	Year 2015	Year 2014
I. CASH FLOW FROM OPERATING ACTIVITIES:			
Cash received from sales of goods and rendering of services		464,101,995.76	854,828,783.95
Refunds of taxes and surcharges		6,229,881.99	7,581,574.73
Cash received from other operating activities		512,285,769.04	84,441,856.54
SUB-TOTAL OF CASH INFLOWS FROM OPERATING ACTIVITIES		982,617,646.79	946,852,215.22
Cash paid for goods purchased and services received		209,589,205.77	1,393,249,189.12
Cash paid to and on behalf of employees		38,784,998.95	66,515,040.55
Cash paid for taxes and surcharges		11,944,878.75	7,851,447.07
Cash paid for other operating activities		472,168,548.37	147,855,256.56
SUB-TOTAL OF CASH OUTFLOWS FROM OPERATING ACTIVITIES		732,487,631.84	1,615,470,933.30
NET CASH FLOWS FROM OPERATING ACTIVITIES		250,130,014.95	-668,618,718.08
II. CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received from disposal of investments		316,000,000.00	600,000,000.00
Cash received from returns on investments		101,908,465.97	303,511,731.12
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		26,444,341.34	21,500.00
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities			22,651,976.67
SUB-TOTAL OF CASH INFLOWS FROM INVESTING ACTIVITIES		444,352,807.31	926,185,207.79
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		117,108,541.40	91,681,360.40
Cash paid for investments		321,222,410.72	865,609,242.91
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities			
SUB-TOTAL OF CASH OUTFLOWS FROM INVESTING ACTIVITIES		438,330,952.12	957,290,603.31
NET CASH FLOWS FROM INVESTING ACTIVITIES		6,021,855.19	-31,105,395.52
III. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from investors			410,484,206.08
Cash received from borrowings		2,268,856,907.04	5,279,865,834.13
Cash received from other financing activities		1,132,264,151.17	163,033,720.56
SUB-TOTAL OF CASH INFLOWS FROM FINANCING ACTIVITIES		3,401,121,058.21	5,853,383,760.77
Cash paid for debt repayments		2,781,285,270.83	4,967,000,000.00
Cash paid for distribution of dividends		221,285,786.64	249,342,540.12

2015 ANNUAL REPORT

Item	Note 15	Year 2015	Year 2014
and profits or payment of interest			
Cash paid for other financing activities		790,125,540.05	2,671,826.04
SUB-TOTAL OF CASH OUTFLOWS FROM FINANCING ACTIVITIES		3,792,696,597.52	5,219,014,366.16
NET CASH FLOWS FROM FINANCING ACTIVITIES		-391,575,539.31	634,369,394.61
IV. EFFECT OF FLUCTUATION IN EXCHANGE RATE ON CASH AND CASH EQUIVALENTS		3,486.15	204.05
V. NET INCREASE IN CASH AND CASH EQUIVALENTS		-135,420,183.02	-65,354,514.94
Plus: balance of cash and cash equivalents as at the beginning of the period		290,930,616.81	356,285,131.75
VI. BALANCE OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		155,510,433.79	290,930,616.81

Legal Representative: Cao Bin

Accounting Principal: Xue Gui

Head of the Accounting Department: Ouyang Guoyu

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

January - December 2015

Unit: Yuan

Currency: RMB

Item	Year 2015												
	Equity attributable to owners of the parent company											Minority equity	TOTAL OWNERS' EQUITY
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserve	General risk reserve	Undistributed profits		
		Preferred stock	Perpetual bonds	Others									
I. Ending balance of last year	882,108,472.00				3,682,967,691.52		1,650,181.12		59,839,287.96		-595,796,939.85	240,184,973.24	4,270,953,665.99
Plus: adjustments for changes in accounting policies													
Adjustments for correction of accounting errors in prior year													
Business combination under common control:													
Others													
II. Beginning balance of this year	882,108,472.00				3,682,967,691.52		1,650,181.12		59,839,287.96		-595,796,939.85	240,184,973.24	4,270,953,665.99
III. Increases/decreases in the current year (“-” for decreases)					10,930,303.57		-5,296,719.95		660,783.96		34,192,364.89	27,192,458.99	67,679,191.46
(I) TOTAL COMPREHENSIVE INCOME							-5,296,719.95				28,443,877.59	16,534,727.62	39,681,885.26
(II) Capital contributed or reduced by owners												23,027,513.00	23,027,513.00
1. Ordinary shareholders invested												23,027,513.00	23,027,513.00
2. Capital contributed by holders of other equity instrument													
3. Amounts of share-based payments recognized in owners' equity													

2015 ANNUAL REPORT

Item	Year 2015												
	Equity attributable to owners of the parent company											Minority equity	TOTAL OWNERS' EQUITY
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserve	General risk reserve	Undistributed profits		
Preferred stock		Perpetual bonds	Others										
4. Others													
(III) Profit distribution													
1. Withdrawal of surplus reserves													
2. Withdrawal of general risk reserve													
3. Profit distributed to owners (or shareholders)													
4. Others													
(IV) Internal carry-forward of owners' equity													
1.Conversion of capital reserves into paid-in capital (or share capital)													
2. Conversion of surplus reserves into paid-in capital (or share capital)													
3.. Making up losses with surplus reserves													
4. Others													
(V) Special reserve													
1. Amount withdrawn in the current period													
2. Usage for current period													
(VI) Other					10,930,303.57				660,783.96		5,748,487.30	-12,369,781.63	4,969,793.20
IV. Ending balance of the current period	882,108,472.00				3,693,897,995.09		-3,646,538.83		60,500,071.92		-561,604,574.96	267,377,432.23	4,338,632,857.45

Item	Year 2014													
	Equity attributable to owners of the parent company												Minority equity	TOTAL OWNERS' EQUITY
	Share capital	Other equity instruments			Capital reserve	Treasury stock	Other comprehensive income	Special reserves	Surplus reserve	General risk reserve	Undistributed profits	Others		
		Preferred stock	Perpetual bonds	Others										
I. Ending balance of last year	741,707,313.00				2,313,965,000.50				59,839,287.96		-805,176,713.95	-2,01,074.52	200,573,873.98	2,508,877,686.97
Plus: adjustments for changes in accounting policies							-2,031,074.52					2,031,074.52		
Adjustments for correction of accounting errors in prior year														
Business combination under common control:														
Others														
II. Beginning balance of this year	741,707,313.00				2,313,965,000.50		-2,031,074.52		59,839,287.96		-805,176,713.95		200,573,873.98	2,508,877,686.97
III. Increases/decreases in the current period ("—" for decreases)	140,401,159.00				1,369,002,691.02		3,681,255.64				209,379,774.10		39,611,099.26	1,762,075,979.02
(I) TOTAL COMPREHENSIVE INCOME							3,681,255.64				217,042,207.05		30,633,111.63	251,356,574.32
(II) Capital contributed or reduced by owners	140,401,159.00				1,369,002,691.02								24,794,307.16	1,534,198,157.18
1. Ordinary shareholders invested	140,401,159.00				1,361,866,767.23								38,994,868.11	1,541,262,794.34
2. Capital contributed by holders of other equity instrument														
3. Amounts of share-based payments recognized in owners' equity														
4. Others					7,135,923.79								-14,200,560.95	-7,064,637.16

2015 ANNUAL REPORT

Item	Year 2014													
	Equity attributable to owners of the parent company												Minority equity	TOTAL OWNERS' EQUITY
	Share capital	Other equity instruments			Capital reserve	Treasury stock	Other comprehensive income	Special reserves	Surplus reserve	General risk reserve	Undistributed profits	Others		
		Preferred stock	Perpetual bonds	Others										
(III) Profit distribution													-15,816,319.53	-15,816,319.53
1. Withdrawal of surplus reserves														
2. Withdrawal of general risk reserve														
3. Profit distributed to owners (or shareholders)													-15,816,319.53	-15,816,319.53
4. Others														
(IV) Internal carry-forward of owners' equity														
1. Conversion of capital reserves into paid-in capital (or share capital)														
2. Conversion of surplus reserves into paid-in capital (or share capital)														
3. Making up losses with surplus reserves														
4. Others														
(V) Special reserve														
1. Amount withdrawn in the current period														
2. Usage for current period														
(VI) Other											-7,662,432.95			-7,662,432.95
IV. Ending balance of the current period	882,108,472.00				3,682,967,691.52		1,650,181.12		59,839,287.96		-595,796,939.85		240,184,973.24	4,270,953,665.99

Legal Representative: Cao Bin

Accounting Principal: Xue Gui

Head of the Accounting Department: Ouyang Guoyu

STATEMENT OF CHANGES IN OWNERS' EQUITY OF THE PARENT COMPANY

January - December 2015

Unit: Yuan

Currency: RMB

Item	Year 2015										
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profits	TOTAL OWNERS' EQUITY
		Preferred stock	Perpetual bonds	Others							
I. Ending balance of last year	882,108,472.00				4,008,177,287.51				59,839,287.96	-1,016,173,922.58	3,933,951,124.89
Plus: adjustments for changes in accounting policies											
Adjustments for correction of accounting errors in prior year											
Others											
II. Beginning balance of this year	882,108,472.00				4,008,177,287.51				59,839,287.96	-1,016,173,922.58	3,933,951,124.89
III. Increases/decreases in the current year (“-” for decreases)					10,882,459.94				660,783.96	116,178,334.74	127,721,578.64
(I) TOTAL COMPREHENSIVE INCOME										110,429,847.44	110,429,847.44
(II) Capital contributed or reduced by owners											
1. Ordinary shareholders invested											
2. Capital contributed by holders of other equity instrument											
3. Amounts of share-based payments recognized in owners' equity											
4. Others											
(III) Profit distribution											
1. Withdrawal of surplus reserves											
2. Profit distributed to owners (or shareholders)											
3. Others											
(IV) Internal carry-forward of owners' equity											
1. Conversion of capital reserves into paid-in capital (or share capital)											
2. Conversion of surplus reserves into paid-in capital (or share capital)											
3.. Making up losses with surplus reserves											
4. Others											

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Item	Year 2015										
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profits	TOTAL OWNERS' EQUITY
		Preferred stock	Perpetual bonds	Others							
(V) Special reserve											
1. Amount withdrawn in the current period											
2. Usage for current period											
(VI) Other					10,882,459.94				660,783.96	5,748,487.30	17,291,731.20
IV. Ending balance of the current period	882,108,472.00				4,019,059,747.45				60,500,071.92	-899,995,587.84	4,061,672,703.53

Item	Year 2014										
	Share capital	Other equity instruments			Capital reserve	Less: Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	TOTAL OWNERS' EQUITY
		Preferred stock	Perpetual bonds	Others							
I. Ending balance of last year	741,707,313.00				2,636,664,967.28				59,839,287.96	-1,007,709,696.04	2,430,501,872.20
Plus: adjustments for changes in accounting policies											
Adjustments for correction of accounting errors in prior year											
Others											
II. Beginning balance of this year	741,707,313.00				2,636,664,967.28				59,839,287.96	-1,007,709,696.04	2,430,501,872.20
III. Increases/decreases in the current year ("-" for decreases)	140,401,159.00				1,371,512,320.23					-8,464,226.54	1,503,449,252.69
(I) TOTAL COMPREHENSIVE INCOME										-8,464,226.54	-8,464,226.54
(II) Capital contributed or reduced by owners	140,401,159.00				1,371,512,320.23						1,511,913,479.23
1. Ordinary shareholders invested	140,401,159.00				1,361,866,767.23						1,502,267,926.23
2. Capital contributed by holders of other equity instrument											
3. Amounts of share-based											

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Item	Year 2014										
	Share capital	Other equity instruments			Capital reserve	Less: Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	TOTAL OWNERS' EQUITY
		Preferred stock	Perpetual bonds	Others							
payments recognized in owners' equity											
4. Others					9,645,553.00						9,645,553.00
(III) Profit distribution											
1. Withdrawal of surplus reserves											
2. Profit distributed to owners (or shareholders)											
3. Others											
(IV) Internal carry-forward of owners' equity											
1. Conversion of capital reserves into paid-in capital (or share capital)											
2. Conversion of surplus reserves into paid-in capital (or share capital)											
3. Making up losses with surplus reserves											
4. Others											
(V) Special reserve											
1. Amount withdrawn in the current period											
2. Usage for current period											
(VI) Other											
IV. Ending balance of the current period	882,108,472.00				4,008,177,287.51				59,839,287.96	-1,016,173,922.58	3,933,951,124.89

Legal Representative: Cao Bin

Accounting Principal: Xue Gui

Head of the Accounting Department: Ouyang Guoyu

I. Basic company information**1. Company profile**

Datang Technology Co., Ltd. (hereinafter referred to as “Stock Company”, “Company” or “the Company”) was incorporated, according to the original [1998] No.326 document of Ministry of Posts and Telecommunications - Written Reply about Agreement on Establishing Datang Technology Co., Ltd., Issuing A shares and Listing, as a joint stock company by stock floatation from 13 sponsors, i.e. the main sponsor - China Academy of Telecommunications Technology (CATT), Tenth Research Institution of CATT, International Telephone and Teledata, Inc. (ITTI), Xi'an Gaoke (Group) Corporation, Beijing Kaitengfei Information Technology Co., Ltd., Shaanxi International Trust Co., Ltd., Hunan Nantian Group Co., Ltd., Guangdong Yiyuan Communication Technology Co., Ltd., Shaanxi Shunda Communication Company, Shandong Post and Telecommunications Industrial Corporation, Shanxi Hongfei Communication Industrial Corporation, Hebei Communication Development Limited Company and Beijing Design Institute (also called “Beijing Posts Telecommunications Design Institute”) of Ministry of Information Industry, upon the approval of State Economic and Trade Commission in the form of GJMQG (1998) No. 543 document - Written Reply about Agreement on Establishing Datang Technology Co., Ltd. It was registered on September 21, 1998, with the registration number of business entity business license: 110000005200352. Its stock was listed and traded in Shanghai Stock Exchange since October 21, 1998. It belongs to communication equipment manufacturing industry.

Up to December 31, 2015, the Company totally issued 882,108,472.00 shares. Registered capital: RMB 882,108,472.00. Registered address: No. 6, Yongjia North Road, Haidian District, Beijing. Legal representative: Cao Bin.

Business scope:

Manufacturing of electronic & communication equipment, mobile phone, instrument and cultural & official goods; production and sales of security & protection products, and design construction of security & protection works (managed only by Chengdu branch); category- III, II sales: medical electronic apparatus (except 6821-1 and 6821-3); medical optical equipment (except 6822-1), instrument and endoscope facility; medical ultrasonic device and related equipment; medical magnetic resonance equipment; medical X-ray equipment; medical high-energy ray equipment; medical nuclide equipment; clinical analytical instrument; category II: software (expiry date of medical device license: September 10, 2018), network hosting business in category-II basic telecom service (according to value-added telecom service management), information service in category-II value-added telecom service (excluding fixed-network phone information service and internet information service) (expiry date of value-added telecom service: January 17, 2017), and estate management. Manufacturing of electronic computer software & hardware and external equipment; technology development; technology transfer; technology consulting; technology service; computer system integration; sales of electronics & communication equipment, mobile phone, instrument, cultural & official goods, computer software & hardware and external equipment, optical cable, microelectronic device, mechanical equipment, electrical equipment, air conditioning equipment, energy saving equipment of communication base machine room, and special operation vehicle; engineering design of communication & information system; information service; technology import & export; goods import & export; import & export agency.

CATT is the parent company and actual controller of the Company.

The financial statement was reported upon the approval of the board of directors of the Company on April 21, 2016.

2. Scope of combined financial statement

Up to December 31, 2015, there were following subsidiaries within the scope of combined financial statement of the Company:

Subsidiary name
Xi'an DATANG Telecom Technology Co., Ltd.
Datang Microelectronics Technology Co., Ltd.

Subsidiary name
DATANG Software Technology Co., Ltd.
Datang Telecom (H.K.) Limited
Datang Telecom (Tianjin) Technical Service Co., Ltd.
Datang Terminal Equipment Co., Ltd.
Datang Telecom (Chengdu) Information Technology Co., Ltd.
Datang Telecom (Nanjing) Energy-saving & Information Technology Co., Ltd.
Datang InnohubInvestment (Beijing) Co., Ltd.
Beijing Datang Zhicheng Software Technology Co., Ltd.
Datang Semiconductor Design Co., Ltd.
Datang NXP Semiconductors Co., Ltd.
Datang Terminal Technology Co., Ltd.
Wuxi Yaowan Entertainment Network Technology Co., Ltd.
Shanghai YaoYu Entertainment Network Technology Co., Ltd.
Leadcore Technology Co., Ltd.
Leadcore Technology (Hong Kong) Co., Ltd.
Qidong Uniscope Electronics Co., Ltd.
Jiangsu I-front Science & Technology Co., Ltd.
Jiangsu Datang Smart Network Technology Co., Ltd.
Shanghai Uniscope Communication Technologies Co., Ltd.
Shanghai Puge Electronics Co., Ltd.
Shanghai Jingyou Communication Technology Co., Ltd.
Shenzhen Uniscope Weiye Communication Technology Co., Ltd.
Shengyao Wireless Communication Technology (Beijing) Co., Ltd.
Guangzhou Yaowan Entertainment Network Technology Co., Ltd.
Shanghai Yaowan Network Technology Co., Ltd.
Zhuhai Yaowan Recreation Network Technology Co., Ltd.
Hongkong Yaowan Recreation Network Technology Co., Ltd.
Datang Telecom (HongKong) Holdings Co., Ltd

See detailed scope of current combined financial statement and change thereof in annotations "VI. Change of combined scope" and "VII. Equities in other main bodies".

II. Basis of preparation for financial statements

1. Basis of preparation

Based on going concern, and according to actually occurred transactions and events, the Company prepares its financial statements in accordance with the Accounting Standards for Business Enterprises – Basic Standards and all concrete accounting standards issued by the Ministry of Finance, as well as the subsequently issued Accounting Standards for Business Enterprises – Application Guidelines, and the Accounting Standards for Business Enterprises – Interpretations and other relevant provisions (collectively known as “Accounting Standards for Business Enterprises”), and Rules for the Information Disclosure and Compilation of Companies Publicly Issuing Securities No.15 - General Rules on Financial Reports issued by China Securities Regulatory Commission.

2. Going concern

The Company has the ability of going concern at least 12 months since the end of report period, without major events to impact going concern.

III. Principal accounting policies and accounting estimates

1. Statement on compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the Company comply with the requirements of accounting standards for business enterprises, and truly and completely present the financial position, operating results, changes in shareholders' equity and cash flows of the Company and other related information.

2. Accounting period

The accounting year of the Company is from January 1 to December 31 in calendar year.

3. Operating cycle

The Company has a 12-month operating cycle.

4. Functional currency

The Company adopts RMB as its functional currency.

5. Accounting treatment methods for business combinations under common control and not under common control

Business combination under common control: For the assets and liabilities obtained by the Company in business combination, they are measured at the book value of the consolidated financial statements of the final controller on the combination date (including the goodwill formed by the acquisition by the final controller of the combinee). The stock premium in the capital reserve is adjusted according to the difference between the book value of the net assets obtained from the combination and that of the consideration for the combination paid (or total par value of outstanding shares); if there is no sufficient premium in the capital reserve for write-downs, the retained earnings are adjusted.

Business combination not under common control: The Company shall, on the acquisition date, measure the assets surrendered and liabilities incurred or assumed by the Company for a business combination at their fair values. The difference between the fair value and their book value will be included into current profit and loss. The Company shall recognize the difference of the combination costs in excess of the fair value of the identifiable net assets acquired from the acquiree as goodwill. The Company shall recognize the difference of the combination costs in short of the fair value of the identifiable net assets acquired from the acquiree in the current profit and loss after review.

The auditing, legal services, consulting and other intermediary fees and other related administrative expenses for business combination will be included into current profit and loss upon occurrence; the transaction costs for the issuance of equity securities shall set off equities.

6. Preparation methods of the consolidated financial statements**(1) Scope of consolidation**

The consolidation scope of consolidated financial statements of the Company is determined on the basis of control, and all its subsidiaries (including the investee's partible part that is under control of the Company) are included in the consolidated financial statements.

(2) Procedures of consolidation

The Company prepares the consolidated financial statements based on its own financial statements and those of its subsidiaries, and other relevant information. When preparing the consolidated financial statements, the Company treats the enterprise group as a whole accounting entity, to reflect the overall financial position, operating results and cash flows in accordance with relevant recognition, measurement and presentation requirements of Accounting Standards for Business Enterprises and the uniform accounting policies.

The accounting policies and accounting period adopted by subsidiaries included in the consolidation scope of the consolidated financial statements shall be the same as those of the Company; if inconsistent, necessary adjustments shall be made according to the Company's accounting policies and accounting period in the preparation of the consolidated financial statements. For subsidiaries acquired from business combination not under common control, adjustments will be made to their financial statements based on the fair value of the identifiable net assets on the acquisition date. For subsidiaries acquired through business combination under common control, adjustments will be made to their financial statements based on the book value of their assets and liabilities (including the goodwill formed from the ultimate controller's acquisition of the subsidiaries) in the financial statements of the ultimate controller.

Subsidiary's owners' equity, net profit or loss and the share of comprehensive income in the current period attributable to minority shareholders will be separately listed under the owners' equity in the consolidated balance sheet, net profit in the consolidated income statement and total comprehensive income. If the current losses of minority shareholders of a subsidiary exceed the share attributable to the minority shareholders at the beginning of the owner's equity in the subsidiary, the balance is allocated against the minority equity.

1) Increase of subsidiaries or business

During the reporting period, if the Company acquired subsidiaries or business from the business combination under common control, the beginning balance in the consolidated balance sheet shall be adjusted. The incomes, expenses and profits of the newly acquired subsidiaries or business from the beginning to the end of the reporting period shall be included in the consolidated income statement. The cash flows of the newly acquired subsidiaries or business from the beginning to the end of the reporting period shall be included in the consolidated statement of cash flows. Relevant items in the comparative financial statements of the subsidiaries shall be adjusted accordingly, as if the reporting entity after the business combination exists at the time when the final controller has the control power.

Where control can be exercised on the investee under the common control for additional investment or other reasons, adjustment will be made as if all parties involved in the combination exist at the beginning of the control by the ultimate controller. Equity investments held before the control over the combinee is obtained, the related profit and loss, other comprehensive income as well as other changes in net assets recognized from the later of the date when the original equity is obtained or the date when the acquirer and the acquiree are under the same control, to the combination date will respectively write down the retained earnings or current profit and loss in the comparative statements.

During the reporting period, if the Group acquired subsidiaries or business from the business combination not under common control, the beginning balance in the consolidated balance sheet will not be adjusted. The incomes, expenses and profits of the newly acquired subsidiaries or business from the acquisition date to the end of the reporting period shall be included in the consolidated income statement. The cash flows of the newly acquired subsidiaries or business from the acquisition date to the end of the reporting period shall be included in the consolidated statement of cash flows. Where the Company can implement control over an investee not under common control due to additional investment or other reasons, the equity held by the combinee before the purchase date is remeasured at the fair value on the purchase date of the equity, and the difference between the fair value and the book value shall be included in the current investment income. In the event that the equity of the acquiree held prior to the acquisition date involves changes to other comprehensive income under the equity method and other changes to owners' equity except for net profit and loss, other comprehensive income and profit distribution, other comprehensive income and other changes in the owner's equity associated therewith are transferred to investment income of the period to which the acquisition date belong, except for other comprehensive income arising from changes in net liabilities or net assets due to the re-measurement of defined benefits plan by the investee.

2) Disposal of subsidiaries or business

① General method of disposal

During the reporting period, where the Company disposes a subsidiary or business, the revenues, expenses and profits of the subsidiary or business from the beginning period to the disposal date should be included in the consolidated cash flow statement; the subsidiary's or the business's cash flows from the beginning period to the disposal date should be included in the consolidated cash flow statement.

When the Company loses the control over the investee due to disposal of partial equity investment or other reasons, the remaining equity investment after the disposal will be re-measured by the Company at its fair value on the date of loss of the control. The difference of total amount of the consideration from disposal of equities plus the fair value of the remaining equities less the shares calculated at the original shareholding ratio in net assets and goodwill of the original subsidiary which are continuously calculated as of the acquisition date or combination date is included in the investment income of the period at the loss of control. Other comprehensive incomes associated with the equity investments of the original subsidiary, or the changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution, are transferred into investment income of the period when control is lost, except for other comprehensive income from the change in net liability or net asset due to the investor's re-measurement of designated benefit plan.

For the circumstance that the shareholding ratio of the Company declines and thus the control power of the Company loses because other investors increase investment in its subsidiaries, it shall be subject to the above principles for accounting treatment.

② Disposal of subsidiary by stages

If the control right losses due to disposal of the equities in subsidiaries through multiple transactions, and the terms, conditions and economic impact of the transactions related to the enterprise's disposal of its investment in the subsidiary meet one or more of the following circumstances, it should be deemed that multiple transaction events are included into a package of transactions and subject to accounting processing as such:

- i. such transactions are concluded at the same time or with their impact on each other taking into consideration;
- ii. these transaction must be taken as one to form a complete commercial event;
- iii. one transaction occurs on the precondition of the occurrence of one or more transactions; and/or
- iv. the transactions are deemed as non-economically feasible individually while economically feasible when they are viewed together.

When these transactions of disposing equity investment in subsidiary cause loss of control and be deemed as a package deal, they are accounted for by the Group as a transaction of disposing subsidiary and losing control; however, the difference between the accumulated disposal considerations before loss of control and the Group's share of the net assets of the subsidiary is recognized as other comprehensive income in the consolidated financial statements, and is transferred into current profit and loss upon loss of control.

If the disposal of equity investment in subsidiaries and other transactions until the control loses are not package transactions, before the control loses, related policies governing the partial disposal of equity investments in subsidiaries without losing control will apply; when the control loses, general accounting method for the disposal of subsidiaries will govern.

- 3) Purchase of minority equity of subsidiary
The share premium in the capital reserves under the consolidated balance sheet will be adjusted at the difference between the long-term equity investment acquired by the Company for the purchase of minority equities and the share of net assets calculated constantly from the acquisition date (or combination date) according to the newly increased shareholding ratio. Where the share premium is insufficient, retained earnings will be adjusted.
- 4) Partial disposal of long-term equity investments in subsidiaries without losing control
The difference between the proceeds from partial disposal of equity investments in the subsidiary and the share of net assets of subsidiaries attributable to the Company (calculated from the acquisition date to the combination date) corresponding to the disposal of long-term equity investments without losing control, shall be charged against stock premium within capital reserves in the consolidated balance sheet; when stock premium within capital reserves is insufficient to offset, the retained earnings shall be adjusted.

7. Classification of joint venture arrangement and accounting treatment method of pooling of interest

Joint venture arrangements are classified into joint operation and joint venture. Joint operation refers to those joint venture arrangements, relevant assets and liabilities of which are enjoyed and assumed by the joint ventures, when the Company is part of it.

The Company shall recognize the following items related to its share of benefits in the joint operation and conduct accounting treatment in accordance with relevant accounting standards for business enterprises:

- (1) assets it solely holds and its share of jointly-held assets based on its percentage;
- (2) liabilities it solely assumes and its share of jointly-assumed liabilities based on its percentage;
- (3) incomes from sale of output enjoyed by it from the joint operation;
- (4) incomes from sale of output from the joint operation based on its percentage; and
- (5) separate costs and costs for the joint operation based on its percentage.

8. Recognition criteria of cash and cash equivalents

When the statement of cash flows is prepared, the Company's cash on hand and deposits available for payment at any time will be determined as cash. The short-term (within three months from the date of purchase) and highly liquid investments that are readily convertible to the known cash and are subject to an insignificant risk of change in value will be determined as cash equivalents.

9. Foreign currency transactions and translation of foreign currency financial statements

(1) Foreign currency transactions

Foreign currency transactions will be translated at the spot exchange rate on the transaction date as the exchange rate of conversion, and be accounted for at RMB converted from foreign currency amount.

The balance of foreign currency monetary items as at the balance sheet date are translated at the spot exchange rate on the balance sheet date and the exchange differences arising therefrom shall be included in the current profit and loss, except those exchange differences arising from the special borrowings of foreign currency related to the acquired and constructed assets qualified for capitalization that will be capitalized at the borrowing expenses.

(2) Translation of foreign currency financial statements

The assets and liability items in the balance sheet shall be converted at the spot exchange rates on the balance sheet date. For owners' equity items, except for the item of "retained earnings", other items are translated at the spot exchange rates when the transactions occur. The income and expenses items in income statements are converted at the spot exchange rates prevailing on the date when transactions occur.

When the Company disposes of an overseas business, it shall transfer the exchange difference relating to the business disposed of, which is presented under the item of the owners' equity, to the profit and loss on disposal for the current period.

10. Financial instruments

Financial instruments include financial assets, financial liabilities and equity instruments.

(1) Classification of financial instruments

At initial recognition, the financial assets and liabilities are classified into: financial assets or financial liabilities measured at fair value through current profit and loss, including financial assets or financial liabilities held for trading (and financial assets or financial liabilities directly designated to be measured at fair value through current profit and loss); held-to-maturity investments; accounts receivables; available-for-sale financial assets; and other financial liabilities, etc.

(2) Recognition basis and measurement methods of financial instruments

- 1) Financial assets (financial liabilities) measured at fair value through current profit and loss
Financial assets (financial liabilities) are initially recorded at fair values when acquired (deducting cash dividends that have been declared but not distributed and bond interest that has matured but not been drawn). Relevant transaction expenses are included in the current profit and loss.

The interest or cash dividends to be received during the holding period are recognized as investment income. Change in fair values is included in the current profit and loss at the end of the period.

Difference between the fair value and initial book-entry value is recognized as investment income upon disposal; meanwhile, adjustment is made to profit and loss from changes in fair values.

- 2) Held-to-maturity investments

Held-to-maturity investments are initially recorded at the sum of fair values (less the bond interest that has matured but not been drawn) and relevant transaction expenses when acquired.

The interest income is calculated according to amortized costs and effective interest rates during the holding period, and is included in the investment income. The effective interest rates are determined upon acquisition and remain unchanged during the expected remaining period, or a shorter period if applicable.

Difference between the proceeds and the book value of the investment is recognized as investment income upon disposal.

- 3) Receivables

For creditor's rights receivable arising from external sales of goods or rendering of service by the Company and other creditor's rights of other enterprises (excluding liability instruments quoted in an active market) held by the Company, including accounts receivable, other receivables and others, the initial recognition amount shall be the contract price or agreement price receivable from purchasing party; for those with financing nature, they are initially recognized at their present values. The difference between the amount received and the book value of the accounts receivable is included in the current profit and loss upon recovery or disposal.

4) Available-for-sale financial assets

Available-for-sale financial assets are initially recorded at the sum of fair values (deducting cash dividends that have been declared but not distributed and bond interests that have matured but not been drawn) and related transaction costs when acquired.

The interest or cash dividend obtained during the holding period is recognized as investment income. At the end of the period, measurement is carried out at fair value and changes in fair value are recognized in other comprehensive income. However, for an equity instrument investment that has no quoted price in an active market and whose fair value cannot be reliably measured, and for derivative financial asset linked to the said equity instrument investment and settled by delivery of the same equity instrument, they shall be measured at cost.

Difference between the proceeds and the book value of the financial assets is recognized as investment profit or loss upon disposal; meanwhile, amount of disposal corresponding to the accumulated change in fair value which is originally and directly included in other comprehensive income shall be transferred out and recognized as current profit and loss.

5) Other financial liabilities

Other financial liabilities are initially recognized at the sum of fair value and transaction expenses, and subsequently measured at amortized costs. The subsequent measurement is conducted by adopting the amortized cost.

(3) Recognition basis and measurement methods of financial assets transferred

When transfer of financial assets occurs, if nearly all of the risks and rewards related to the ownership of the financial assets have been transferred to the transferee, the Company derecognizes the financial assets; if nearly all of the risks and rewards related to the ownership of the financial assets are retained, the Company shall not derecognize the financial assets.

When determining whether the transfer of a financial asset meets the above de-recognition criteria of financial assets, the Company adopts the principle of substance over form. The Company classifies the transfer of a financial asset into the entire transfer and the partial transfer of financial asset. If the entire transfer of financial asset satisfies the criteria for de-recognition, the difference between the amounts of the following two items shall be included in the current profit and loss:

- 1) the book value of the financial asset transferred;
- 2) the sum of the consideration received from the transfer and the accumulated amount of the changes in fair value originally and directly included in owners' equity (the situation where the financial asset transferred is an available-for-sale financial asset is involved).

If the partial transfer of financial asset satisfies the criteria for de-recognition, the entire book value of the transferred financial asset shall be split into the derecognized and recognized part according to their respective fair value and the difference between the amounts of the following two items shall be included in the current profit and loss:

- 1) the book value of the derecognized part;
- 2) the sum of the consideration for the derecognized part and the portion of de-recognition corresponding to the accumulated amount of the changes in fair value originally and directly included in owners' equity (the situation where the financial asset transferred is an available-for-sale financial asset is involved).

If the transfer of financial assets does not meet the derecognition criteria, the financial assets shall continue to be recognized, and the consideration received will be recognized as a financial liability.

(4) Derecognition criteria of financial liabilities

Where the present obligations of financial liabilities have been discharged in whole or in part, the financial liability is derecognized or any part thereof will be derecognized; if the Company signs an agreement with creditors to replace the existing financial liabilities by undertaking new financial liabilities, and the new financial liabilities are substantially different from the existing ones in terms of contract terms, the existing financial liabilities will be derecognized, and at the same time, the new financial liability will be recognized.

Where substantial revisions are made to some or all of the contractual stipulations of the existing financial liability, the Company shall derecognize the existing financial liability wholly or partly, and at the same time recognize the financial liability with revised contractual stipulations as a new financial liability.

Upon whole or partial de-recognition of financial liabilities, the difference between the book value of the financial liabilities derecognized and the consideration paid (including non-cash assets transferred out or new financial liabilities assumed) shall be included in the current profit and loss. Where the Company repurchases part of a financial liability, the entire book value of the financial liability shall be split into the derecognized part and continuously-recognized part according to their respective fair value on the repurchase date. The difference between the book value of the derecognized part and the consideration paid (including non-cash assets transferred out or new financial liabilities assumed) shall be included in the current profit and loss.

(5) Method of determining the fair value of financial assets and financial liabilities

The fair value of financial instruments existing in active market shall be determined according to the offer in the active market. The fair value of financial instruments not existing in active market shall be determined by valuation technique. In case of valuation, the Company adopts the valuation technique applicable in current situation and with sufficient available data and other information support and chooses the input value identical with features of assets or liability considered by market participants in the transaction of relevant assets or liability and preferentially use relevant observable input value. Under the circumstance that relevant observable input value cannot be obtained or the gaining is non-feasible, use non-observable input value.

(6) Test methods and accounting treatment methods for impairment of financial assets (excluding receivables)

Except for the financial assets measured at fair values through current profit and loss, the book value of financial assets on the balance sheet date should be checked. If there is objective evidence that a financial asset is impaired, provision for impairment shall be made.

1) Provision for impairment of available-for-sale financial assets:

If the fair value of available-for-sale financial assets has significantly declined at the end of the period, or it is expected that the trend of decrease in value is non-temporary after considering various relevant factors, the impairment shall be recognized, and accumulated losses from decreases in fair value originally and directly included in owners' equity shall be all transferred out and recognized as impairment loss. For available-for-sale debt instruments whose impairment losses have been recognized, if their fair values rise in the subsequent accounting period and such rise is objectively related to the matters occurring after the recognition of impairment loss, the previously recognized impairment loss shall be reversed and recorded into the current profit and loss.

The impairment loss generated by investment of available-for-sale equity instrument will not be transferred back via profit and loss.

- 2) Provision for impairment of held-to-maturity investments: Measurement of provision for impairment loss on held-to-maturity investments is treated by reference to the measurement method of impairment loss on receivables.

11. Allowance for bad debts of receivables

(1) Receivables with significant individual amount and individual provision for bad debts

Judgment basis or amount standard for significant individual amount	Top five of balances receivable or the sum of amount with individual amount accounting for more than 10% of balances receivable
Withdrawing method of significant individual amount and individual provision for bad debts	Make impairment test solely on receivables with significant individual amount. If there is objective evidence showing the impairment, make provision for bad debts according to the current value of future cash flow lower than the balance of its book value.

(2) Receivables with provision for bad debts according to the credit risk feature combination:

Basis for determining the combination	
Portfolio 1	with significant single amount and low portfolio risk
Portfolio 2	with non-significant single amount and low portfolio risk
Portfolio 3	with high portfolio risk
Withdrawing method of provision for bad debts based on portfolios	
Portfolio 1	Aging analysis method
Portfolio 2	Aging analysis method
Portfolio 3	Aging analysis method

Provision for bad debts under the aging analysis method in the portfolio:

☒ Applicable ☐ Not applicable

Aging	Proportion of provision for accounts receivable (%)	Proportion of provision for other receivables (%)
Within 1 year (including 1 year)	0.50	0.50
1-2 years (including 2 year)	2.00	2.00
2-3 years (including 3 year)	5.00	5.00
3-4 years (including 4 year)	30.00	30.00
4-5 years (including 5 year)	50.00	50.00
Over 5 years	100.00	100.00

(3) Provision for bad debts of receivables without individually significant amount:

Reasons for individual provision for bad debts	There is objective evidence showing that there may be impairment; creditor suffers revocation, bankruptcy or death; it cannot be withdrawn after paying off by the bankrupted property or heritage; cash flow is seriously insufficient.
Provision method of provision for bad debts	As for receivables with possible impairment shown by objective evidence, separate it from relevant combination and make impairment test solely and determine the impairment loss.

12. Inventories**(1) Classification of inventories**

Inventories are classified into: materials in transit, raw materials, revolving materials, work in process-outsourced, goods in process, self-manufactured semi-finished products, finished products (stock commodities), packaging materials, low-cost consumables, engineering construction, etc.

(2) Valuation method of delivering inventories

The computation of raw materials and finished products of Xi'an Datang Co., Ltd, Datang Microelectronics Technology Co., Ltd, Datang Semiconductor Design Co., Ltd, Datang NXP Semiconductor Co., Ltd and Leadcore Technology Co., Ltd, holding subsidiaries of the Company, adopts "planned cost method". The difference between actual cost and planned cost shall be computed in the "material cost variance" account. Raw materials of the Company and other subsidiaries adopt "actual cost method" to make computation and delivery of finished products adopts weighted average method to make computation.

(3) Determination basis of net realizable value of inventories in different categories

The net realizable value of merchandise inventory directly for sale such as finished products, merchandise inventory and materials for sales shall be determined according to the amount of estimated sale price of the inventory minus the estimated selling expenses and relevant taxes in the process of normal production and operation; The net realizable value of material inventory shall be determined according to the amount of estimated sale price of finished products minus the future cost in completion, estimated selling expenses and relevant taxes. The net realizable value of inventory held for performance of sales contract or labor contract can be calculated based on the contract price. In case the quantity of held inventory is more than the order quantity in the sales contract, the net realizable value of the exceeding inventory can be calculated based on the general sale price.

Make inventory falling price reserves according to individual inventory in end term; but as for inventory with large quantity and low unit price, make inventory falling price reserves according to the category of inventory; as for inventory related to product series produced and sold in the same region, with same or similar end use or purpose and difficult to be separated from other terms in measurement, combine the inventory falling price reserves.

Except that there is definite evidence showing the abnormality of market value in balance sheet date, the net realizable value of inventory shall be determined based on the market price in the balance sheet date.

The net realizable value of inventory at the end of current period shall be determined based on the market price in balance sheet date.

(4) Inventory system

The Company adopts perpetual inventory system.

(5) Amortization method of low-cost consumables and packing materials

Packing materials and low-cost consumables adopt fifty percent amortization method, among which low-cost consumables of Leadcore Technology Co., Ltd adopts one-time writing-off process to make amortization.

13. Assets classified as held for sale

The Company recognizes the components (or non-current assets) simultaneously satisfying the following conditions as held-for-sale assets:

- (1) The component can only be sold immediately according to the conventional terms for selling such kind of component in current situation;

- (2) The Company has made resolution on disposing the component (or non-liquid assets). In case of needing to obtain the approval of shareholders in accordance with regulations, it has obtained the approval of stockholder's meeting or relevant authority;
- (3) The Company has signed irrevocable agreement of transfer with the transferee;
- (4) This transfer will be completed within one year.

14. Long-term equity investments

(1) Judgment standard for joint control and significant influence

Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. In case the Company and other joint ventures carry out common control on the invested unit and the net assets of the invested unit enjoy rights, the invested unit is the joint enterprise of the Company. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Where the Company is able to have significant influences on an investee, the investee shall be an associate of the Company.

(2) Determination of initial investment cost

- 1) Long-term equity investment acquired by business combination Business combination under the common control: where the merger is made on the consideration of cash payment, non-cash asset transfer, liabilities repayment or equity security offering, face value of the combined party's owner's right recorded in the ultimate controlling party's consolidated finance statement on the merger day will be determined as the initial investment cost of long term equity investment; where the controlling party is able to control the invested company under the same control due to additional investment, face value of the combined party's net asset owned by the controlling party resulting from merger recorded in the ultimate controlling party's consolidated finance statement on merger day will be determined as the initial invest cost of long term equity investment. The difference between initial investment cost of long term equity investment on the merger day and sum of face value of long term equity investment before merger and face value paid to purchase shares on the merger day is adjusted as capital stock premium, where the premium is insufficient to write down, the retained income will be written down.

Business combination not under common control: merger cost determined on the purchase day is deemed as the initial investment cost of long term equity investment. In case of control of the invested company not under the same control due to additional investment, etc., sum of the original equity investment face value and added investment cost will be determined as the initial investment cost calculated based on the cost method.

- 2) Long-term equity investment acquired by other means
For long-term equity investments acquired from making payments in cash, the initial cost is the actually paid purchase cost.

For long-term equity investments acquired from issuance of equity securities, the initial cost is the fair value of the issued equity securities.

If the exchange of non-monetary assets has commercial substance, and the fair values of assets traded out and traded in can be measured reliably, the initial cost of long-term equity investment traded in with non-monetary assets are determined based on the fair values of the assets traded out unless there is any conclusive evidence that the fair values of the assets traded in are more reliable. If the exchange of non-monetary assets does not meet the above criteria, the book value of the assets traded out and relevant taxes and surcharges payable are recognized as the initial cost of long-term equity investment traded in.

For long-term equity investment acquired from debt restructuring, the initial investment cost is determined based on the fair value.

(3) Subsequent measurement and recognition of profit or loss

- 1) Long term equity investment calculated based on the cost method
Long-term equity investments of the Company in its subsidiaries are accounted for at cost method. Under the cost method, except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration which have been declared but not yet distributed, the Company recognizes the proportion it shall enjoy in the cash dividends or profits declared by the investee as its investment income.
- 2) Long-term equity investment by equity method
The equity method should be used to count long-term equity investment of the affiliated business and the joint venture. If the cost of initial investment is in excess of the proportion of the fair value of the net identifiable assets in the investee when the investment is made, the difference will not be adjusted to the initial cost of long-term equity investment; if the cost of initial investment is in short of the proportion of the fair value of the net identifiable assets in the investee when the investment is made, the difference will be included in the current profit and loss.

The Company respectively recognizes the investment income and other comprehensive income according to the shares of net profit or loss and other comprehensive income realized by the investee that should enjoyed or assumed by the Company, and adjusts the book value of long-term equity investment; according to the profit declared to be distributed by the investee or the part shall be enjoyed cash dividends calculation, to reduce the book value of long-term equity investment correspondingly; for other changes in owners' equity excepting for ex all profit or loss of the investee, other comprehensive income and profit distribution, the book value of long-term equity investment shall be adjusted and included in the owners' equity. When recognizing its share of the investee's net profit or loss, the difference of identifiable fair value of the investee's net assets profit or loss obtained through the investment should be the basis, and the investee's net profit should be adjusted in accordance with the accounting policies and accounting periods. During the holding of investment, the investee's amount of other changes in net profit, other comprehensive income and equity in the consolidated financial statements should be used for counting if the investee has compiled or consolidated the financial statements.

The unrealized gains and losses from trades between the company, the affiliated business and the joint venture should be included in part ownership of the company in accordance with the calculation of the ratio to offset, and investment income should be recognized on this basis. The unrealized internal trade loss with the investee should be fully recognized as impairment of assets. The invested or trading assets between the company, the affiliated business and the joint venture which constitute the business should be accounted in accordance with 3 (5) Accounting Treatment Method for Unitary Control under Unitary Control and Non-unitary Control and 3 (6) Compilation Method of Combined Financial Statement.

When the Company confirms that it should share losses of the investee, treatment shall be done in following sequence: firstly, the book value of the long-term equity investment shall be reduced. Secondly, where the book value is insufficient to cover the share of losses, investment losses are recognized to the extent of book value of other long-term equity which form net investment in the investee in substance and the book value of long term receivables shall be reduced. finally, after all the above treatments, if the Company is still responsible for any additional liabilities in accordance with the provisions stipulated in the investment contracts or agreements, estimated liabilities are recognized and included into current investment loss according to the obligations estimated to undertake.

3) Disposal of long-term equity investments

The difference between the book value and the actual price should be included in the current profit or loss while dealing with long-term equity investment.

When dealing with long-term equity investment counted with the equity method, the investee's directly related assets or debts should be used as the basis, in order to count comprehensive income in proportion. Owners' equity caused and recognized by other owners' equity changes, except for the investee's net profit or loss, other comprehensive income and profit distribution, should be included in current profit or loss in proportion. The comprehensive income due to re-definition on benefit plan liabilities by the investor or net asset variation is beyond this situation.

If common control or significant influence on the investee is lost when dealing with part equity investment, the remaining equity should be confirmed by financial instrument and counted by measurement criteria, and the difference between the book value and the fair value should be included in the current profit or loss on that day. Other comprehensive income counted and recognized with the equity method from the original equity investment, the investee's directly related assets or debts should be used as the basis for counting when terminating using the equity method. Owners' equity caused and recognized by other owners' equity changes, except for the investee's net profit or loss, other comprehensive income and profit distribution, should be included in current profit or loss in proportion.

The control on the investee may be lost when dealing with part equity investment. During the preparation of the individual financial statement, if the remaining equity after disposal can still common control the investee or has significant influence, equity method should be used and the remaining equity should be treated with equity method at the time of acquiring. If it cannot, it should be counted and recognized in accordance with financial instruments and measurement criteria. The difference between fair value and book value on the date of losing control should be included in current profit or loss.

If the equity is acquired by business combination or other reasons due to additional investment, and the remaining equity after disposal is counted with the cost method or the equity method during the preparation of the individual financial statement, the equity investment before the acquisition date, other comprehensive income counted and recognized with the equity method and other owners' equity should be carried down in proportion. The remaining equity after disposal should be counted and recognized in accordance with financial instruments and measurement criteria, and other comprehensive income or owners' equity should be fully carried down.

15. Investment properties

Investment property refers to the real estate for earning rentals or capital appreciation or both, including the land use rights in leasing, the land use rights held for the transfer after appreciation, and the buildings in leasing (including the self-developed buildings or buildings after construction which are for rental, and buildings under construction which are for rental in the future). The cost model is used by the company for the existing investment property. According to the cost model for investment property – the buildings for rental should apply the same depreciation policy of the company's fixed assets, and the land use rights for rental should apply the same amortization policy of intangible assets.

16. Fixed assets**(1) Recognition criteria of fixed assets**

Fixed assets refer to tangible assets held for the purpose of producing commodities, providing services, renting or business management with useful lives exceeding one accounting year. Fixed assets will only be recognized when all the following criteria are satisfied:

- (1) it is probable that the economic benefits relating to the fixed assets will flow into the Company; and
- (2) the costs of the fixed asset can be measured reliably.

(2) Depreciation method

Depreciation of fixed assets is provided on a category basis using the straight-line method. The depreciation rates are determined according to the categories, estimated useful lives and estimated net residual rates of fixed assets. If the components of a fixed asset have different useful lives or cause economic benefit for the Company in different ways, different depreciation rate or method shall be adopted for depreciation on an individual component basis.

For fixed assets acquired under financing leases, if there is reasonable assurance that the Company will obtain the ownership of the leased assets when the lease term expires, the leased assets should be depreciated over its useful life; if there is no reasonable assurance that the Company will obtain the ownership of the leased assets when the lease term expires, the leased assets should be depreciated over the shorter of the lease term and useful life of the leased assets.

Depreciation method of fixed assets, depreciation period, residual rate and annual depreciation rate are as follows:

Category	Depreciation method	Depreciation life (year)	Residual value rate (%)	Annual depreciation rate (%)
Category	Depreciation method	Depreciation life (year)	Residual value rate (%)	Annual depreciation rate (%)
Buildings and constructions	Straight-line method	20-45	4, 5, 10	2.11-4.80
General equipment	Straight-line method	5-20	4, 10	4.50-19.20
Transportation equipment	Straight-line method	8-10	4	9.60-12.00
Special equipment	Straight-line method	5-10	4	9.60-19.20
Instruments	Straight-line method	8	4	12.00
Other equipment	Straight-line method	5-10	4, 10	9.00-19.20

(3) Recognition, valuation and depreciation of fixed assets under finance leases

Any following terms specified in lease agreement between the Company and the leasing party shall be recognized as the finance lease assets:

- (1) The ownership of the leased assets belongs to this company with expiry of tenancy;
- (2) The Company has the option to purchase the assets and the purchase price is far lower than the fair value of the asset while exerting the option right;
- (3) The lease term accounts for most of the service life of the leased asset;
- (4) The present value of the minimum lease payment on the date of inception of the lease, should not share a big difference with the fair value of the assets.

On the date of inception of the lease, the lower one between the fair value of the leased asset and the present value of the minimum lease payment should be deemed as the book value of the leased assets; the minimum lease payment should be deemed as the book value of long-term payable, and the difference should be deemed as unrecognized financing fees.

17. Construction in progress

For construction under progress, necessary expenses before its intended use should be deemed as the book value of fixed assets. If the construction of fixed assets has reached its intended use but without final settlement of account, estimated value counted by the project budget, cost or actual cost should be included in the fixed assets since the date of its intended use, and the fixed assets should be depreciated in accordance with the company's depreciation policy of fixed assets. After completion settlement is done, the original estimated value should be adjusted in accordance with the actual cost, but the depreciation amount should not be adjusted anymore.

18. Borrowing costs**(1) Recognition principle of borrowing costs capitalization**

Borrowing costs includes interest on borrowings, amortization of discount or premium, auxiliary expenses, and exchange differences on foreign currency borrowings.

Borrowing costs of the company which are eligible for acquisition or construction of assets should be capitalized and included in the cost of related assets; other borrowing costs should deem the amount incurred as the cost and be included in the current profit or loss.

Assets eligible for capitalization refer to fixed assets, investment property, inventories and other assets which need to go through a long period of acquisition, construction or production activities to achieve its intended use or sale.

Capitalization begins when borrowing costs meeting the following conditions:

- 1) Capital expenditures incurred, including payment in cash, the transfer of non-cash assets or interest for the acquisition, construction or production of a qualifying capitalization conditions;
- 2) Borrowing costs incurred;
- 3) Necessary acquisition, construction or production activities have already started for the assets' intended use or sale.

(2) Capitalization period of borrowing costs

Capitalization period refers to the period from the beginning time to the ending time of the capitalization of borrowing costs, and the period of suspension of capitalization of borrowing costs are not included.

If acquisition, construction or production of assets eligible for capitalization is ready for the intended use or sale, the capitalization of borrowing costs ceased.

If parts of acquisition, construction or production of assets eligible for capitalization are completed and can be used alone respectively, the capitalization of their parts of borrowing costs ceased.

If all parts of acquisition, construction or production of assets eligible for capitalization are completed respectively, but have to wait the overall completion for the use or sale, the capitalization of borrowing costs ceased at the moment the assets are entirely completed.

(3) Period of suspending capitalization

Where the assets complying with capitalization conditions are improperly interrupted for more than 3 months successively in its construction or production process, the capitalization of the borrowing costs will be paused; if such interruption is the necessary procedure for realizing the usable or marketable state of the constructed or produced assets complying with capitalization conditions, then borrowing costs can be capitalized in a continued manner. The borrowing costs generated in the interruption period are confirmed to be the profits and losses of the current period, and the capitalization of the borrowing costs will be continued when the construction or production of assets are restarted.

4. Calculation methods for capitalization rate and capitalization amount of borrowing

Where funds are borrowed under a specific purpose for the construction or production of assets complying with the capitalization conditions, the amount for borrowing capitalization can be determined by the amount derived from deducting the depositing interest of the borrowing that is not used or the profit obtained by temporary investment from the actual borrowing costs in the corresponding period of the specific-purpose borrowing.

Where funds are borrowed under a general purpose for the construction or production of assets complying with the capitalization conditions, the amount for capitalization of general borrowing costs should be determined by multiplying the weighted average of the part of the accumulated borrowing expenditures that surpasses the borrowing under specific purpose by the capitalization rate of the borrowing under general purpose. The capitalization rate is determined by the weighted average interest rate of the borrowing under general purpose.

19. Intangible assets**(1) Measurement method, service life and impairment test****1) Measurement method of intangible assets**

- A. When the Company is acquiring intangible assets, the initial measurement will be done by cost;

The costs for purchase of intangible assets include the purchase price, relevant taxes and other expenditures directly utilized to make the asset to satisfy the preset purpose. The prolonged payment resulted from the purchase price of intangible assets surpassing the normal credit terms have, in fact, the nature of financing, and the costs of intangible assets are determined by the current value of the purchase price. The debt reorganization obtains the intangible assets for the debtor to pay the debt, and the fair value of such intangible assets is based on to determine their entry value. The balance between the book value of the reorganized debt and the fair value of the intangible assets used to pay a debt will be counted into the profits and losses of the current period. Under the premise that the non-currency assets are used to exchange for commercial assets, and the fair value of the exchanged assets can be reliably counted, the entry value of the swapped-in intangible assets will be determined based on the fair value of the swapped-out assets, except evidences show that the fair value of the swapped-in assets is more reliable; in the non-currency asset exchange not satisfying the above conditions, the book value of the swapped-out assets and the payable taxes will be taken as the costs of the swapped-in intangible assets without confirming the profits and losses.

- B. Subsequent measurement

When the intangible assets are obtained, analyze and judge their service life.

Intangible assets with limited service life shall be amortized by method of line within the period of generating economic benefits for the enterprise; if the period for the intangible assets to generate benefits for the enterprise cannot be predicted, they will be deemed intangible assets with uncertain service life and thus not be amortized.

2) Estimation on service life of intangible assets with limited service life:

Item	Estimated service life	Basis
Land use right	50-70 years	Land transfer contract
Software, system, license fee	3-10 years	Estimated service life of purchase contract and agreement
Proprietary technology	3-10 years	Estimated service life

At the end of each year, the service life and amortization method of intangible assets with limited service life will be rechecked.

Upon recheck, the service life and amortization method of intangible assets at the end of the current period are the same with the previous estimations.

- 3) Bases for judgment of intangible assets with uncertain service life and procedures for recheck of their service life

The Company will not be able to predict the term for the assets to bring economic benefits to the Company, or it will determine the intangible assets with uncertain service term as the intangible assets with uncertain service life. Bases for judgment of uncertain service life:

- A. They are sourced from contractual rights or other legal rights, but the service term is not specified in the contract or legal regulations;
- B. It is still unable to judge the term for intangible assets to bring economic benefits for the Company even with information of the same industry or relevant expert argumentation.

At the end of each year, the intangible assets with uncertain service life will be rechecked in the top-down method. Department related to use of the intangible assets will conduct basic rechecking to judge whether there is any change on the judgment bases of uncertain service life.

(2) Accounting policies on expenditures for internal research and development

- 1) Specific standard to distinguish the research stage and the development stage
The expenditures for internal R&D expenditures of the Company are divided into expenditures at the research stage and expenditures at the development stage.

Research stage: the stage with creative investigation and research activities planned and carried out to obtain and understand new scientific or technological knowledge.

Development stage: the stage to apply, before production or use for commercial purposes, research achievements or other knowledge to a specific plan or design to produce materials, devices and products that are new or have essential improvement.

- 2) Specific conditions for capitalization of expenditures at the development stage
The expenditures at the development stage of the internal R&D projects are confirmed to be intangible assets if they meet the following conditions:
 - A. Complete the intangible assets to make the use or selling of them technically feasible;
 - B. Have the intent to complete the intangible assets and use or sell them;
 - C. The method for intangible assets to incur economic benefits includes the possibility to prove that there is a market for the products produced with these intangible assets or there is a market for intangible assets themselves. The intangible assets will be used within the company to prove its usability;
 - D. There is support of enough technical, financial and other resources to complete the development of the intangible assets, and it is possible to use or sell the intangible assets;
 - E. Expenditures classified into the development stage of the intangible assets can be reliably measured.

If the expenditures at the development stage fail to meet the above conditions, they will be counted into the profits and losses of the current period. The expenditures at the research stage will be counted into the profits and losses of the current period upon generation.

20. Long-term impairment of assets

There are signs of impairment on such long-term assets as long-term equity investment, investment properties accounted for using the cost model, fixed assets, construction in progress, intangible assets and others on the balanced statement date, so impairment test is completed. The test results show that if the recoverable amount of assets is lower than their book value, the preparation of calculating the assets devalue is done by the balance and it is counted into the losses from impairment. The recoverable amount is the higher of the following two values: net amount derived from deducting the disposal costs from the fair value of the assets; and the current value of predicted future cash flow of assets. Preparation for the impairment of assets can be calculated and confirmed based on the single assets. If it is hard to estimate the recoverable amount of single assets, then the asset group that the assets belong to will be based on to determine the recoverable amount of the asset group. Asset group is the minimum asset portfolio that can independently produce cash inflow.

Impairment test on goodwill should be done at least at the end of each year. The company will carry out goodwill impairment test. For book value of goodwill formed from enterprise merger, it will be apportioned to relevant asset group by reasonable method on the date of purchase; the book value that is hard to be apportioned to relevant asset group will be apportioned to relevant asset group portfolio. When apportioning book value of goodwill to relevant asset group or asset group portfolio, the apportioning will be completed by the proportion of the fair value of each asset group or asset group portfolio in the total fair value of relevant asset group or asset group portfolio. If the fair value is hard to be reliably measured, the apportioning can be completed according to the proportion of the book value of each asset group or asset group portfolio in the total book value of relevant asset group or asset group portfolio.

During impairment test of relevant asset group or asset group portfolio including goodwill, if there are signs of impairment in the asset group or asset group portfolio related to goodwill, first carry our impairment test on the asset group or asset group portfolio that does not include goodwill, calculate the recoverable amount, and compare it with relevant book value to confirm the corresponding losses from impairment. Then carry our impairment test on the asset group or asset group portfolio including goodwill and compare book values of these related asset groups or asset group portfolios (including the book value of apportioned goodwill) with their recoverable amounts. If the recoverable amounts of these related asset groups or asset group portfolios are lower than their book values, confirm the goodwill's losses from impairment.

The losses from the impairment of the above assets will not be switched back in the future accounting period upon confirmation.

21. Long-term deferred expenses

Long-term deferred expenses mean all expenses shall have been incurred but shared in current period and subsequent periods and with term of more than one year, including renovation costs, contract fee, and royalties and etc. Long-term deferred expenses shall be amortized over the periods as per benefit period of expense items. If the subsequent accounting periods benefit cannot be benefited from the expense items of long-term deferred expenses, amortized value of the items unamortized shall be included in current profit and loss.

22. Employee compensation

(1) Accounting treatment method of short-term compensation

The Company shall confirm short-term compensation as liabilities, and then shall be included in current profit and loss or relevant asset costs during the accounting periods that its employees provide services for the Company.

Social insurance and housing accumulation fund paid by the Company for its employees, and labor union expenditure and employee education expenses withdrawn as specified by regulations, and during accounting periods that its employees provide services for company, employees' remuneration amount determined according to withdrawing basis and proportion specified.

Employee benefits are a kind of non-monetary welfare, and can be measured according to fair value if possible.

(2) Accounting treatment method of post employment benefits

1) Defined contribution plans

The Company shall pay basic endowment insurance and unemployment insurance for its employees as specified, and during accounting periods that its employees provide services for the Company, and the payment shall be made in accordance with payment base and proportions specified by local registrations, and shall be confirmed as liabilities, and included in current profit and loss or relevant asset costs.

In addition to basic endowment insurance, the Company shall establish corporate annuity payment system (endowment insurance complemented) in accordance with national occupational pension system. The Company shall pay the fees to local social insurance agencies according to the proportion of total wages of staff and workers, and corresponding expenses shall be included in current profit and loss or relevant asset costs.

2) Defined benefit plans

The Company shall attribute the benefit obligations arising from defined benefit plans to the period, during which employees provide services, according to the formula determined by the expected accumulative benefit unit method and include such obligations in current profit and loss or cost of relevant assets. Where there are assets in the defined benefit plans, enterprises shall recognize the deficit or surplus reached from the present value of obligations of a defined benefit plan deducting the fair value of the defined benefit plan as the net liability or net asset of the defined benefit plan. Where there is a surplus for the defined benefit plan, enterprises shall measure net assets of the defined benefit plan at the lower of the upper limits of the surplus and assets of the defined benefit plan.

The Company shall discount the obligations of all defined benefit plans, including the obligations to make payments within 12 months upon the expiry of the annual reporting period, during which employees provide services. The discount rate shall be determined based on the market yield rate of the treasury bonds or high quality corporate bonds in active markets matching with the term and currency of the obligation of defined benefit plans on the balance sheet date.

At the end of the reporting period, the Company shall recognize the cost of employee compensation arising from defined benefit plans as the following components: (1) service cost; (2) net interests arising from net liabilities or net assets of defined benefit plans; and (3) changes arising from re-measuring the net liabilities or net assets of defined benefit plans. The above-mentioned Item 1 and Item 2 shall be included in current profit and loss; Item 3 shall be included in the other comprehensive income and it will not allowed to be reversed to profit and loss in subsequent accounting periods; however, the Company may transfer the amount recognized in other comprehensive income within their scope of rights and interests.

The gain or loss on settlement of defined benefit plans is the difference between the present value of the obligations of defined benefit plans recognized on the date of settlement and the settlement price.

(3) Accounting treatment method of dismissing welfare

The Company shall confirm employees' compensation liabilities generated from dismissing welfare, and the liabilities shall be included in current profit and loss when the welfare of dismissal provided rising from cancellation of labor relationship or layoff proposal cannot be dismissed cannot be withdrawn unilaterally, or the costs or expenses related to restructuring of dismissed welfare payment are confirmed (whichever is earlier).

23. Estimated liabilities**(1) Recognition criteria of estimated liabilities**

Litigation, debt guarantees, loss of contract, and reorganization items or obligations relevant with these items shall fulfill the following conditions, and the Company shall confirm liabilities as:

- (1) The obligation is current obligation shall be fulfilled by the Company;
- (2) Fulfilling the obligation may lead to economic interest flow out of the Company;
- (3) Amount of the obligation can be measured reliably.

(2) Measuring method of estimated liabilities

The Company's estimated liabilities shall be initially measured in accordance with best estimate required by fulfilling relevant current obligations.

The Company shall consider risks, uncertainty, the time value of money and other factors comprehensively when determining best estimate. For the time value of money affected significantly, best estimate shall be determined by discounting relevant future cash outflows.

The best estimate shall be respectively handles according to the following conditions:

Expenses required have a continuous range (or interval), and within the range, the possibility of all consequences occurred is exactly same, so the best estimate shall be determined by the median of the range, i.e. the average number of upper and lower amount.

Expenses required don't have a continuous range (or interval), or they have a continuous range, but within the range, the possibility of all outcomes occurred isn't same, if some matters involve single item, then the best estimate probably shall be determined by amount incurred; or if some matters involve multiple items, then the best estimate shall be calculated and determined by all possible outcomes and correlative probability. T

he company shall pay off the expenses required for estimated liabilities which are wholly or partially compensated by third party, amount of compensation shall be confirmed as the assets when basically determining the amount can be received, and the amount of compensation confirmed shall not exceed book value of estimated liabilities.

24. Share-based payment

The share-based payment of the Company refers to a transaction in which the Company grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employee or other parties. The share-based payments shall consist of equity-settled share-based payments and cash-settled share-based payments.

(1) Equity-settled share-based payment and equity instruments

The equity-settled share-based payment in return for employee services shall be measured at the fair value of the equity instruments granted to the employees. Where the Company's shares were paid in restricted stock, the employees shall make contribution for subscribing shares, and the shares shall not be listed for circulation or transferred before reaching unlocking conditions and being unlocked; if the unlocking conditions specified by the equity incentive plan ultimately failed to be met, then the Company will repurchase the shares according to the price as prescribed by the prior agreement. Where the Company obtains

payments paid by employees for the subscription of restricted stocks, the share capital and capital reserves (share premium) of such payments shall be confirmed according to the subscription payment obtained, and in concert with a liability fully confirmed by repurchase obligation, be confirmed as treasury stocks. On each balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the number of vested equity instruments according to such subsequent information as [changes in number of vesting employees] and [whether reaching prescribed performance conditions], be included in the relevant costs or expenses and the capital reserves at the fair value of the equities instruments on the date of the grant. The Company shall, after the vesting date, make no adjustment to the relevant costs or expenses as well as the total amount of the owner's equities which have been confirmed. As to an equity-settled share-based payment in return for services of employees, if the right may be exercised immediately after the grant, the fair value of the equity instruments shall, on the date of the grant, be included in the relevant cost or expense and the capital reserves shall be increased accordingly.

For share-based payments ultimately failed to be exercised, their costs or expenses shall not be recognized, unless the vesting conditions are market conditions or non-vesting conditions, then regardless of whether market conditions or non-vesting conditions are satisfied, as long as all non-market conditions among vesting conditions are satisfied, it shall be deemed as vesting.

If the terms of equity-settled share-based payments are modified, at least the services obtained shall be confirmed in accordance with the unmodified provisions. In addition, any modification increasing the fair value of equity instruments granted, or favorable changes to the employees on modification date are all confirmed to increase services.

If equity-settled share-based payments are cancelled, then they shall be handled on cancellation date as accelerated vesting, and the unconfirmed amount shall be confirmed immediately. Where employees or other parties may choose to meet non-vesting conditions but are not met in the waiting period, such payments shall be handled as cancelling equity-settled share-based payments. However, if a new equity instrument is granted, and it is confirmed to replace the equity instrument which is cancelled on the grant date, then the handling of such equity instrument shall be subject to the same way modifying the terms and conditions of the original equity instrument.

(2) Cash-settled share-based payment and equity instruments

A cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by the Company. The payment shall initially be measured at fair value at the grant date and taken into account the terms and conditions of the equity instrument. As to a cash-settled share-based payment instruments, if the right may be exercised immediately after the grant, the fair value of the liability undertaken by the enterprise shall, on the date of the grant, be included in the relevant costs or expenses, and the liabilities shall be increased accordingly. As to a cash-settled share-based payment, if the right may not be exercised until the vesting period comes to an end or until the specified performance conditions are met, on each balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the information about the exercisable right, be included in the relevant costs or expenses and the corresponding liabilities at the fair value of the liability undertaken by the enterprise. The Company shall, on each balance sheet date and on each account date prior to the settlement of the relevant liabilities, re-measure the fair values of the liabilities and include the changes in the current profits and losses.

25. Revenues

(1) Recognition and measurement principles of revenue from sales of goods

The Company already has transferred the main risks and return of ownership of goods to the purchaser, and no longer retain continuous management rights connected to ownership, and implement effective control, and the relevant costs incurred or will be incurred shall be

reliably measured, and confirmed as revenue realization. Amount received of commodities sold determined in accordance with the contract or agreement price received or to be received by receiving party, except under circumstances of unfair price; the contract or agreement price shall be charged in deferred mode with the actual nature of financing, the fair value of the price shall be used for determining the amount received.

Specific methods for confirming main revenues of the Company:

- 1) IC design (integrated circuit design): the design includes development and research, design, production, selling and installation of commodities purchased or software products. Income for general system integration project can be confirmed once, i.e. the services have already provided and checked and accepted by service provider, and after receiving payments or evidences of payment received, the income realization shall be confirmed as per the contract amount; relevant costs with complex system integration project can be measured reliably according to the contract agreed, and income realization can be confirmed as per completion percentage.
- 2) Software and applications: in the software and applied items, in order to make equipments reach at predetermined serviceable condition required by customers, the Company is required to provide commissioning, installation, extension and development and other services of equipments, and according to the conditions and terms of the contract, main risks and revenue of software purchased, hardware products and the Company's software products in the software and applications have already transferred to the purchaser, the continuous management right and control rights related to them shall no longer be retained, and software systems already have been installed and commissioned in accordance with conditions agreed in the contract, accepted and confirmed by the purchaser. When the acceptance can be divided into software on-line, initial test and final test, income realization can be confirmed by periods when obtaining online, initial and final tests; and when initial test and final test cannot be separated, the income realization can be confirmed once when obtaining the acceptance report.
- 3) Terminal design: Terminal products or design shall be delivered to the purchaser according to the contract, main risks and revenue of ownership on products shall be transferred to the purchaser, the continuous management right and actual control rights shall no longer be implemented, after receiving the acceptance certificate signed by the other party, and when relevant income or evidence of payment collection already obtained, and relevant costs with selling these commodities can be measured reliably, income realization for selling commodities shall be confirmed.
- 4) Mobile internet:
 - ① According to the contract agreed by two parties, information publish, online advertising and other online services shall be provided for its customers on the website to be authorized during a period, and corresponding income after commissioning online shall be confirmed by the other party.
 - ② The Company shall provide the game loading platform for game providers via Internet platform, providing game services for game players, which obtains operating income of the platform. Game players consume on the company's game platform by buying platform currency for top-up or directly buying game currency (including buying virtual equipments, function modules of special games or online games), when the players have top-up for their game platforms, the company can confirm deferred income as advances received, and only can confirm operating income if the players actually use the platform currency or game currency and other virtual currency to buy game props.

Amount of operating income for platform can be measured reliably; relevant economic interest can be flow in the Company; and when costs incurred or to be incurred can be measured reliably, the realization of its operating income is confirmed.

- ③ Mobile games obtained with independent research and development or with externally purchasing copyrights, the Company shall complete docking works for games and game players with cooperative operation agreement signed by the Company and providers for mobile game platforms, and the providers shall allocate the income obtained from cooperative operating games to the Company against the proportion agreed on the agreement, and after checking the data without any error by both parties, the Company shall confirm the operating income.

(2) Rendering of services

On the balance sheet date, under the circumstance of outcomes of providing labor services can be reliably estimated, the income of providing labor service as per percentage-of-completion; otherwise the income shall be determined in accordance with amount of labor costs incurred and predicted to obtain compensation. The outcome of providing service transaction to be estimated reliably means the following conditions fulfilled: amount of income can be measured reliably, relevant economic interest can be flow in the Company, completion progress of transactions can be determined reliably, and the costs incurred and will be incurred in the transactions also can be measured reliably. The Company shall determine the completion progress of providing labor service as per the percentage of costs incurred against the estimated total costs. Total income of providing labor service shall be determined in accordance with the contract or agreement price received or to be received by receiving party, except under circumstances of unfair price.

(3) Transferring use right of assets

The Company shall confirm the right to use assets transferred when the economic interest related to the right may be flow in it, and the amount of revenue can be measured reliably.

26. Government subsidy

(1) Category

Governmental subsidies mean monetary and non-monetary assets acquired by the company from the government without consideration. Governmental subsidies are divided into two types respectively being related to assets and income.

The governmental subsidies related to assets mean the subsidies acquired by the company that are used for building or forming long-term assets in other ways, including fiscal appropriation to buy fixed assets or intangible assets, and finance discount for specific borrowing to fixed assets and etc. The governmental subsidies related to income mean the subsidies apart from the governmental subsidies related to assets.

The company shall have specific criteria of classifying governmental subsidies as being related to assets: allocation by government assignments, with the nature of assets.

The company shall have specific criteria of classifying governmental subsidies as being related to income: the subsidies apart from the governmental subsidies related to assets.

For the governmental subsidies without any specific subsidy object, the company shall have specific criteria of classifying governmental subsidies as being related to assets or income: whether they are used for building or forming long-term assets in other ways.

(2) Accounting treatment

Government subsidies related to assets confirmed as deferred income shall be included in non-business income by periods in accordance with service life period of assets constructed or bought;

Government subsidies related to income that are used for compensating the company's relevant expenses or losses during the coming periods shall be confirmed as deferred income when obtaining, and included in non-business income during current period of confirming relevant expenses; and Government subsidies that are used for compensating expenses or losses incurred by the company shall directly be included in the non-business income during current period.

27. Deferred income tax assets / deferred income tax liabilities

Deferred income tax assets are recognized for deductible temporary differences to the extent that it shall not exceed the taxable income probably obtained in future period to be against the deductible temporary difference. For deductible losses and tax credits that can be carried forward to subsequent periods, deferred tax assets arising therefrom are recognized to the extent that future taxable income will be probable to be available against deductible losses and tax credits. Taxable temporary differences are recognized as deferred income tax liabilities except in special circumstances. Special circumstances in which deferred income tax assets or deferred income tax liabilities shall not be recognized include: the initial recognition of goodwill; other transactions or events excluding business combinations, which affect neither accounting profits nor the taxable income (or deductible losses) when occurred.

If the Company has the legal right of netting and intends to settle in net amount or to obtain assets and discharge liabilities simultaneously, the income tax assets and income tax liabilities of the Company for the current period shall be presented based on the net amount after offset. When the Company has the legal rights to balance income tax assets and income tax liabilities for the current period with net settlement, and deferred income tax assets and deferred income tax liabilities are related to the income tax which are imposed on the same taxpaying subject by the same tax collection authority or on different tax paying subjects, but, in each important future period in connection with the reverse of deferred income tax assets and liabilities, the involved tax paying subject intends to balance income tax assets and liabilities for the current period with net settlement at the time of obtaining assets and discharging liabilities, deferred income tax assets and deferred income tax liabilities shall be presented based on the net amount after offset.

28. Lease**(1) Accounting treatment method of operating lease**

- 1) Rental fees charged from rented assets of the Company, and during the entire rental period without deduction of rent-free period, shall be shared on a straight-line basis, and shall be include in current expenses. Initial direct costs paid by the Company related to rental transactions shall be included in current expense. The lessor of assets undertook the expenses related to leasing that shall be undertaken by the lessee, and the Company deducted the expenses from total amount of rental income, and allocated rental expense deducted for being included in the current expense during the rental period.
- 2) Rental fees charged from leasing assets of the Company, and during the entire rental period without deduction of rent-free period, shall be shared on a straight-line basis, and confirmed as rental income. Initial direct costs paid by the Company related to rental transactions shall be included in current expense; if it is a bigger amount, the costs shall be capitalized, and during the entire leasing period, shall be included in current income by periods on same basis confirmed by rental income. The Company undertook the expenses related to leasing that shall be undertaken by the lessee, and deducted the expenses from total amount of rental income, and allocated rental expense deducted during the rental period.

(2) Accounting treatment method of finance lease

- 1) Assets acquired under finance lease: the Company shall consider the lower one of fair value of leasing assets and the present value of the lowest payment of rent as the entry value of leasing assets, and the lowest payment of rent as the entry value of long-term account payable, and its balance as financing expenses unconfirmed. The Company shall amortize unconfirmed financing expenses using effective interest method during asset leasing, and shall be included in financial expenses. Initial direct cost incurred by the Company shall be included in the value of rented assets.
- 2) Rented assets financing: at starting date of leasing, the Company shall confirm the lease financing receivables, sum of unguaranteed residual values, and difference of unguaranteed residual values as unrealized financing income, and as rental income during the coming periods of receiving rental. Initial direct costs incurred by the Company related to leasing transactions shall be included in initial metering of lease financing receivables, and income amount confirmed in the lease term shall be reduced.

29. Changes in principal accounting policies and accounting estimates**(1) Changes in principal accounting policies**

☐ Applicable ☒ Not applicable

(2) Changes in principal accounting estimates

☐ Applicable ☒ Not applicable

IV. Tax**1. Major tax categories and tax rates**

Tax categories	Taxation basis	Tax rate
Value-added tax	Tax amount on sales for value added tax is calculated for goods sold and taxable service according to tax law, then the input amount of value added tax is deducted, and the difference is the payable value added tax.	17.00, 6.00
Consumption tax	Levied on taxable operation revenue	5.00, 3.00
Business tax	Levied on actually paid business tax, value added tax and consumer tax	1.00, 5.00, 7.00
Urban maintenance and construction tax	Amount of payable value-added tax and business tax	5.00
Enterprise income tax	Levied on payable income tax	12.50, 15.00, 16.50, 25.00

- (1) Urban construction tax: tax rate of 5% is applicable to Datang Innohub Investment (Beijing) Co., Ltd., Datang (Chengdu) Information Technology Co., Ltd., Shanghai Jingyou Communication Science and Technology Co., Ltd. and Optical Communication Subsidiary of Datang Technology Co., Ltd.; 1%, 5% and 7% are applicable to Jiangsu I-front Science & Technology Co., Ltd. due to different construction sites; and 7% is applicable to the others.
- (2) Datang Telecom (H.K.) Limited, Datang Telecom (H.K.) Holding Co., Ltd., Leadcore Technology (Hongkong) Co., Ltd. and Hongkong Yaowan Recreation Network Technology Co., Ltd. pay income tax according to the taxation policies of Hongkong and 16.5% of profits tax is applicable.

2. Tax preference**(1). Datang Telecom Technology Co., Ltd.**

According to Administrative Methods for the Confirmation of New and High Technology Enterprises and Administrative Guides for the Confirmation of New and High Technology Enterprises jointly issued by Ministry of Science and Technology, Ministry of Finance, and

State Administration of Taxation, the Company obtained a certificate of high and new technology enterprise jointly issued by Beijing Science and Technology Committee, Beijing Finance Bureau, Beijing National Tax Bureau and Beijing Local Tax Bureau on November 24, 2015 with No.GR201511002569, enjoying preferential policies for enterprise income tax of high and new technology enterprise for 3 years from 2015, with preferential tax rate of corporate income tax at 15%.

(2). Xi'an Datang Telecom Technology Co., Ltd.

According to Administrative Methods for the Confirmation of New and High Technology Enterprises and Administrative Guides for the Confirmation of New and High Technology Enterprises jointly issued by Ministry of Science and Technology, Ministry of Finance, and State Administration of Taxation, Xi'an Datang Telecom Technology Co., Ltd. passed the re-supervision and obtained a certificate of high and new technology enterprise jointly issued by Shanxi Provincial Science and Technology Committee, Shanxi Provincial Finance Bureau, Shanxi Provincial National Tax Bureau and Shanxi Provincial Local Tax Bureau on August 31, 2015 with No.GR201561000250, enjoying preferential policies for enterprise income tax of high and new technology enterprise for 3 years from 2015, with preferential tax rate of corporate income tax at 15%.

(3). Datang Microelectronics Technology Co., Ltd.

According to Administrative Methods for the Confirmation of New and High Technology Enterprises and Administrative Guides for the Confirmation of New and High Technology Enterprises jointly issued by Ministry of Science and Technology, Ministry of Finance, and State Administration of Taxation, Datang Microelectronics Technology Co., Ltd. passed the re-supervision and obtained a certificate of high and new technology enterprise jointly issued by Beijing Science and Technology Committee, Beijing Finance Bureau, Beijing National Tax Bureau and Beijing Local Tax Bureau on October 30, 2014 with No.GR201411002372, enjoying preferential policies for enterprise income tax of high and new technology enterprise for 3 years from 2014, with preferential tax rate of corporate income tax at 15%.

(4). DATANG Software Technology Co., Ltd.

According to Administrative Methods for the Confirmation of New and High Technology Enterprises and Administrative Guides for the Confirmation of New and High Technology Enterprises jointly issued by Ministry of Science and Technology, Ministry of Finance, and State Administration of Taxation, Datang Software Technologies Co., Ltd. passed the re-supervision and obtained a certificate of high and new technology enterprise jointly issued by Beijing Science and Technology Committee, Beijing Finance Bureau, Beijing National Tax Bureau and Beijing Local Tax Bureau on October 30, 2014 with No.GR201411001126, enjoying preferential policies for enterprise income tax of high and new technology enterprise for 3 years from 2014, with preferential tax rate of corporate income tax at 15%.

(5). Beijing Datang Zhicheng Software Technology Co., Ltd.

According to Administrative Methods for the Confirmation of New and High Technology Enterprises and Administrative Guides for the Confirmation of New and High Technology Enterprises jointly issued by Ministry of Science and Technology, Ministry of Finance, and State Administration of Taxation, Beijing Datang Zhicheng Software Technology Co., Ltd. passed the re-supervision and obtained a certificate of high and new technology enterprise jointly issued by Beijing Science and Technology Committee, Beijing Finance Bureau, Beijing National Tax Bureau and Beijing Local Tax Bureau on October 30, 2014 with No.GR201411001468, enjoying preferential policies for enterprise income tax of high and new technology enterprise for 3 years from 2014, with preferential tax rate of corporate income tax at 15%.

(6). Shanghai Uniscope Communication Technologies Co., Ltd.

According to Administrative Methods for the Confirmation of New and High Technology Enterprises and Administrative Guides for the Confirmation of New and High Technology Enterprises jointly issued by Ministry of Science and Technology, Ministry of Finance, and

State Administration of Taxation, Shanghai Uniscope Communication Technologies Co., Ltd. obtained a certificate of high and new technology enterprise jointly issued by Shanghai Science and Technology Committee, Shanghai Finance Bureau, Shanghai National Tax Bureau and Shanghai Local Tax Bureau on September 4, 2014 with No.GR201431000413, being taxed from the income tax by a reduction of 15% for 3 years from September 4, 2014 to September 3, 2017.

(7). Shanghai Jingyou Communication Technology Co., Ltd.

According to Administrative Methods for the Confirmation of New and High Technology Enterprises and Administrative Guides for the Confirmation of New and High Technology Enterprises jointly issued by Ministry of Science and Technology, Ministry of Finance, and State Administration of Taxation, Shanghai Jingyou Communication Technology Co., Ltd. obtained a certificate of high and new technology enterprise jointly issued by Shanghai Science and Technology Committee, Shanghai Finance Bureau, Shanghai National Tax Bureau and Shanghai Local Tax Bureau on September 4, 2014 with No.GR201431000364, and enjoyed the income tax preference for high-tech enterprises subject to a reduced tax rate of 15% from the tax year 2014 for 3 years

(8). DATANG Terminal Equipment Co., Ltd.

According to Administrative Methods for the Confirmation of New and High Technology Enterprises and Administrative Guides for the Confirmation of New and High Technology Enterprises jointly issued by Ministry of Science and Technology, Ministry of Finance, and State Administration of Taxation, DATANG Terminal Equipment Co., Ltd. passed the re-supervision and obtained a certificate of high and new technology enterprise jointly issued by Tianjin Science and Technology Committee, Tianjin Finance Bureau, Tianjin National Tax Bureau and Tianjin Local Tax Bureau on June 27, 2013 with No.GR201312000030, enjoying preferential policies for enterprise income tax of high and new technology enterprise for 3 years from 2013, with preferential tax rate of corporate income tax at 15%.

(9). Datang Telecom (Tianjin) Technical Service Co., Ltd.

According to Administrative Methods for the Confirmation of New and High Technology Enterprises and Administrative Guides for the Confirmation of New and High Technology Enterprises jointly issued by Ministry of Science and Technology, Ministry of Finance, and State Administration of Taxation, Datang Telecom (Tianjin) Technical Service Co., Ltd. obtained a certificate of high and new technology enterprise jointly issued by Tianjin Science and Technology Committee, Tianjin Finance Bureau, Tianjin National Tax Bureau and Tianjin Local Tax Bureau on June 27, 2013 with No.GR201312000005, enjoying preferential policies for enterprise income tax of high and new technology enterprise for 3 years from 2013, with preferential tax rate of corporate income tax at 15%.

(10). Shengyao Wireless Communication Technology (Beijing) Co., Ltd.

Shengyao Wireless Communication Technology (Beijing) Co., Ltd. identified as a software company(Ascertainment Certificate of Software Enterprises: J R-2011-0626) by Beijing Municipal Commission of Economy and Information Technology in November 2011 enjoyed preferential policies of exemption from income taxation for first two years, reduction half for next three years from the profit-making year of 2011. According to Finance and Taxation [2008] No.1 file, the income tax of this company was exempted for 2 years from January 2011 to December 2012; the income tax is levied by half for 3 years from January 2013 to December 2015, with the preferential tax rate of enterprise income tax at 12.5%.

(11). Leadcore Technology Co., Ltd.

According to Administrative Methods for the Confirmation of New and High Technology Enterprises and Administrative Guides for the Confirmation of New and High Technology Enterprises jointly issued by Ministry of Science and Technology, Ministry of Finance, and State Administration of Taxation, Leadcore Technology Co., Ltd. obtained a certificate of high and new technology enterprise issued by Shanghai Science and Technology Committee

in 2015 with No.GR201531000088, enjoying preferential policies for enterprise income tax of high and new technology enterprise for 3 years from 2015, with preferential tax rate of corporate income tax at 15%.

(12). Jiangsu I-front Science & Technology Co., Ltd.

According to Administrative Methods for the Confirmation of New and High Technology Enterprises and Administrative Guides for the Confirmation of New and High Technology Enterprises jointly issued by Ministry of Science and Technology, Ministry of Finance, and State Administration of Taxation, Jiangsu I-front Science & Technology Co., Ltd. obtained a certificate of high and new technology enterprise jointly issued by Jiangsu Provincial Department of Science and Technology, Jiangsu Finance Bureau, Jiangsu National Tax Bureau and Jiangsu Local Tax Bureau on August 5, 2013, with No.GR201332000530, enjoys preferential policies for enterprise income tax of high and new technology enterprise for 3 years from 2013, with preferential tax rate of corporate income tax at 15%.

(13). Datang Telecom (Nanjing) Energy-saving & Information Technology Co., Ltd.

According to the Notice on the Value-added Tax, Business Tax and Corporate Income Tax for Promoting the Development of Energy-saving Service Industry, Cai Shui [2010] No.110, issued by the Ministry of Finance and the State Administration of Taxation in December, 2012, the energy saving service companies meeting the conditions could be exempted the business tax and value-added tax from the income of contracted energy management projects and enjoy the preferential policy of “three-exemption and three-halving”. Datang Telecom (Nanjing) Energy-saving & Information Technology Co., Ltd. registered as energy-saving technology company in National Development and Reform Commission in May 2013; from the tax year when the project generated the production and operation income for the first time, it was exempted from the corporate income tax from the first year to the third year and will pay the corporate income tax at half of a statutory tax rate of 25% from the fourth year to the sixth year.

(14). Guangzhou Yaowan Entertainment Network Technology Co., Ltd.

According to the Administrative Methods for the Confirmation of New and High Technology Enterprises and the Administrative Guides for the Confirmation of New and High Technology Enterprises jointly issued by Ministry of Science and Technology, Ministry of Finance, and the State Administration of Taxation, Guangzhou Yaowan Entertainment Network Technology Co. Ltd. obtained a certificate of high and new technology enterprise jointly issued by Guangdong Provincial Department of Science and Technology, Department of Finance of Guangdong Province, Guangdong Provincial Office, SAT and Guangdong Local Taxation Bureau on October 10, 2015, enjoying preferential policies for enterprise income tax of high and new technology enterprise for 3 years from 2015, with preferential tax rate of corporate income tax at 15%.

(15). Shanghai Yaowan Network Technology Co., Ltd.

Shanghai Yaowan Network Technology Co., Ltd. is identified as software enterprise and awarded Identification Certificate of Software Enterprise: HCR-2013-0917 by Shanghai Economic and Information Commission in 2013, and enjoys the preferential policy of “two-year exemption and three-year halves” of income tax from 2013, which means the income tax is exempted from 2013 to 2014 and halved from 2015 to 2017, and preferential income tax for the enterprise is 12.5%.

(16). Wuxi Yaowan Entertainment Network Technology Co., Ltd.

Approved by Jiangsu Economic and Information Technology Commission on December 26, 2014, Wuxi Yaowan Recreation Network Technology Co., Ltd. was identified as software enterprise (No. of certificate: SR--2014-B0098). According to the regulations in Law of the PRC on Enterprise Income Tax, the software enterprise will be exempted from income tax in the first and second year from profit-making year and halved the income tax from the third and fifth year. Based on this policy, Wuxi Recreation Network Technology Co., Ltd is exempted from income tax in 2015 and 2016, and halved from 2017 to 2019.

(17). Datang Semiconductor Design Co., Ltd.

Datang Semiconductor Design Co., Ltd. is officially identified as integrated circuit design enterprise by the Ministry of Industry and Information Technology of the People's Republic of China on November 13, 2014, the number of Identification Certificate of Integrated Circuit Design Enterprise is GXBDZR 0650-2014B and, from the profit-making year, enjoys the preferential policy of "two-year exemption and three-year halves" of income tax. Currently, the company is suffering loss in this period.

(18). Datang Telecom (Chengdu) Information Technology Co., Ltd.

According to Administrative Methods for the Confirmation of New and High Technology Enterprises and Administrative Guides for the Confirmation of New and High Technology Enterprises jointly issued by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation, Datang Telecom (Chengdu) Information Technology Co., Ltd. obtained a certificate of high and new technology enterprise jointly issued by Science & Technology Department of Sichuan Province, Department of Finance of Sichuan Province, Sichuan Provincial Office, SAT and Sichuan Local Taxation Bureau on October 11, 2014 with No.GR201451000400, enjoying preferential policies for enterprise income tax of high and new technology enterprise for 3 years from 2014, with preferential tax rate of corporate income tax at 15%.

(19). Datang Terminal Technology Co., Ltd.

According to Administrative Methods for the Confirmation of New and High Technology Enterprises and Administrative Guides for the Confirmation of New and High Technology Enterprises jointly issued by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation, Datang Terminal Technology Co., Ltd. obtained a certificate of high and new technology enterprise jointly issued by Tianjin Municipal Science and Technology Commission, Department of Finance of Tianjin Municipality, Tianjin Municipal Office, SAT and Tianjin Local Taxation Bureau on December 8, 2015 with No.GR201512000280, enjoying preferential policies for enterprise income tax of high and new technology enterprise for 3 years from 2015, with preferential tax rate of corporate income tax at 15%.

V. Notes to the items of the consolidated financial statements**1. Cash and cash equivalents**

Item	Balance at the end of the period	Unit: Yuan Currency: RMB
		Balance at the beginning of the period
Cash on hand	224,377.31	164,492.76
Bank deposit	1,105,022,447.63	1,540,675,807.83
Other cash and cash equivalents	204,959,860.55	283,607,246.06
Total	1,310,206,685.49	1,824,447,546.65

In which, the detail of limited cash and cash equivalents is as follows:

Item	Balance at the end of the period	Balance at the beginning of the period
Cash deposit of bank's acceptance bill	134,582,807.05	114,510,447.37

Item	Balance at the end of the period	Balance at the beginning of the period
L/C deposits		39,715,575.74
Performance bond		138,000.00
Fixed deposit or call deposit used for guarantee	27,336,402.47	42,758,000.00
Deposit for L/G	51,408,427.39	38,471,684.02
Total	213,327,636.91	235,593,707.13

2. Notes receivable

(1). Classification of notes receivable

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Bank's acceptance bill	31,716,171.40	103,454,652.92
Trade acceptance bill	503,429,285.00	713,923,408.30
Total	535,145,456.40	817,378,061.22

(2). Notes receivable endorsed by the Company at the end of the period or has been discounted and balance sheet has not become due yet:

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Ending confirmed amount	Ending unconfirmed amount
Bank's acceptance bill	10,992,932.76	
Trade acceptance bill		66,676,285.00
Total	10,992,932.76	66,676,285.00

3. Accounts receivable

(1). Disclosure of accounts receivable by type

Unit: Yuan Currency: RMB

Category	Balance at the end of the period				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Withdrawing proportion (%)	
Accounts receivable with significant single amount and individual withdrawal of provision for bad debts	127,800,000.00	3.41	25,560,000.00	20.00	102,240,000.00
Accounts receivable with withdrawal of provision for bad debts according to portfolio of credit risk characteristics	3,453,859,217.50	92.16	484,742,762.85		2,969,116,454.65
Portfolio 1: with significant single amount and low portfolio risk	621,989,108.15	16.60	58,725,556.78	9.44	563,263,551.37
Portfolio 2: with non-significant single amount and low portfolio risk					
Portfolio 3: with high portfolio risk	2,831,870,109.35	75.56	426,017,206.07	15.04	2,405,852,903.28

Category	Balance at the end of the period				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Withdrawing proportion (%)	
Sub-total of portfolio	3,453,859,217.50	92.16	484,742,762.85		2,969,116,454.65
Accounts receivable with non-significant single amount and individual withdrawal of provision for bad debts	165,992,821.34	4.43	52,896,952.34	31.87	113,095,869.00
Total	3,747,652,038.84	100.00	563,199,715.19	/	3,184,452,323.65

Category	Balance at the beginning of the period				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Withdrawing proportion (%)	
Accounts receivable with significant single amount and individual withdrawal of provision for bad debts					
Accounts receivable with withdrawal of provision for bad debts according to portfolio of credit risk characteristics	4,195,675,327.52	99.18	369,165,607.16		3,826,509,720.36
Portfolio 1: with significant single amount and low portfolio risk	868,238,037.01	20.52	13,272,023.04	1.53	854,966,013.97
Portfolio 2: with non-significant single amount and low portfolio risk					
Portfolio 3: with high portfolio risk	3,327,437,290.51	78.66	355,893,584.12	10.70	2,971,543,706.39
Sub-total of portfolio	4,195,675,327.52	99.18	369,165,607.16		3,826,509,720.36
Accounts receivable with non-significant single amount and individual withdrawal of provision for bad debts	34,707,519.11	0.82	19,789,013.11	57.02	14,918,506.00
Total	4,230,382,846.63	100.00	388,954,620.27		3,841,428,226.36

Accounts receivable with significant single amount and individual withdrawal of provision for bad debts at the end of the period

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Accounts receivable (based on unit)	Balance at the end of the period			
	Accounts receivable	Provision for bad debts	Withdrawing proportion (%)	Withdrawing reason
Hunan Broad Link High-tech Co., Ltd.	127,800,000.00	25,560,000.00	20.00	It is estimated that the recovery of certain accounts is at higher risk
Total	127,800,000.00	25,560,000.00	/	/

In the portfolio, accounts receivable with withdrawal of provision for bad debts according to aging analysis method:

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Aging	Balance at the end of the period		
	Accounts receivable	Provision for bad debts	Withdrawing proportion (%)
Within 1 year (including 1 year)	1,635,536,263.97	8,144,399.15	0.50
1-2 years (including 2 years)	667,406,128.21	13,348,122.56	2.00
2-3 years (including 3 years)	449,622,338.78	22,481,116.94	5.00
3-4 years (including 4 years)	310,062,080.78	93,018,624.23	30.00
4-5 years (including 5 years)	86,963,811.58	43,481,905.79	50.00
Over 5 years	304,268,594.18	304,268,594.18	100.00
Total	3,453,859,217.50	484,742,762.85	

Accounts receivable with non-significant single amount and individual withdrawal of provision for bad debts at the end of the period

Accounts receivable (based on unit)	Balance at the end of the period			
	Accounts receivable	Provision for bad debts	Withdrawing proportion (%)	Withdrawing reason
Accounts over 5 years	4,655,525.34	4,655,525.34	100.00	Over 5 years, not likely to be collectible
Jiulong Jili Hydropower Development Co., Ltd.	72,988,949.00	18,247,237.25	25.00	Involved in legal action and it is estimated that the recovery of certain accounts is at higher risk
Beijing Yizi Investment Guarantee Co., Ltd.	42,748,335.00	10,687,083.75	25.00	Involved in legal action and it is estimated that the recovery of certain accounts is at higher risk
Tianjin Lantian Power Co., Ltd.	29,837,012.00	14,918,506.00	50.00	Involved in legal action

Accounts receivable (based on unit)	Balance at the end of the period			
	Accounts receivable	Provision for bad debts	Withdrawing proportion (%)	Withdrawing reason
				and it is estimated that the recovery of certain accounts is at higher risk
Wuxi Huishan Software Industrial Development Co., Ltd.	8,918,000.00	3,567,200.00	40.00	Involved in legal action and it is estimated that the recovery of certain accounts is at higher risk
Beijing Jialian Zhonghui Technology Co., Ltd.	6,845,000.00	821,400.00	12.00	Involved in legal action and it is estimated that the recovery of certain accounts is at higher risk
Total	165,992,821.34	52,896,952.34		

(2). **Provision for bad debts of withdrawal, recovery or reserving in the current period:**

The amount of provision for bad debts in the current period is RMB 176,402,898.69; the amount of provision for bad debts reduces RMB 2,157,803.77 due to the change of consolidation scope.

(3). **Details of accounts receivable of the top five of the Balance at the end of the period collected according to the borrowers:**

Unit name	Balance at the end of the period		
	Accounts receivable	Proportion in the total accounts receivable (%)	Provision for bad debts
No.1	194,040,334.32	5.18	8,586,263.97
No.2	152,629,619.01	4.07	45,788,885.70
No.3	127,800,000.00	3.41	25,560,000.00
No.4	105,954,088.82	2.83	2,119,081.78
No.5	92,300,000.00	2.46	1,846,000.00
Total	672,724,042.15	17.95	83,900,231.45

4. **Advances to suppliers**

(1). **Disclosure of advances to suppliers by aging**

Unit: Yuan Currency: RMB

Aging	Balance at the end of the period			Balance at the beginning of the period		
	Book amount		Allowance for bad debts	Book amount		Allowance for bad debts
	Balance	Proportion (%)		Amount	Proportion (%)	
Within 1 year (including 1 year)	455,964,946.36	59.90	2,149,841.42	372,692,827.11	57.18	1,934,521.24

Aging	Balance at the end of the period			Balance at the beginning of the period		
	Book amount		Allowance for bad debts	Book amount		Allowance for bad debts
	Balance	Proportion (%)		Amount	Proportion (%)	
1 to 2 years (including 2 years)	56,039,184.42	7.36	1,120,783.69	44,219,778.43	6.78	884,395.57
2 to 3 years (including 3 years)	29,101,506.23	3.82	1,455,075.31	52,827,370.56	8.11	2,461,368.53
Over 3 years	220,127,328.81	28.92	42,650,444.56	182,002,769.34	27.93	23,384,347.57
Total	761,232,965.82	100.00	47,376,144.98	651,742,745.44	100.00	28,844,632.91

In which, the detail of advances to suppliers with significant amount over 1 year:

Advances to suppliers to	Balance at the end of the period	Nature of fund	Reason for un-settlement
Datang Telecom (Tianjin) Science and Technology Industrial Park Co., Ltd.	123,616,640.00	Fund for purchasing house	Contracts not completed
Shanxi Province Xixian New District Qinhan New City Development and Construction Group, Co., Ltd.	60,724,000.00	Fund for purchasing goods	Contracts not completed
Total	184,340,640.00		

- (2). **Provision for bad debts of withdrawal, recovery or reserving in the current period:**
The amount of provision for bad debts in the current period is RMB 18,944,852.91; the amount of provision for bad debts reduces RMB 413,340.84 due to the change of consolidation scope.

- (3). **Advances to suppliers of top 5 ending balance according to the advance pay object:**

Advances to suppliers to	Balance at the end of the period	Proportion of total amount of ending balance of advances to suppliers (%)
No.1	146,616,640.00	19.26
No.2	66,410,623.51	8.72
No.3	60,724,000.00	7.98
No.4	27,605,250.00	3.63
No.5	24,249,956.35	3.19
Total	325,606,469.86	42.78

5. **Dividends receivable**

√ Applicable □ Not applicable

Item (or invested company)	Unit: Yuan Currency: RMB	
	Balance at the end of the period	Balance at the beginning of the period
Chengdu Datang Cable Co., Ltd.	2,612,662.58	2,612,662.58
Xinhua Ruide (Beijing) Network	173,766.32	

Item (or invested company)	Balance at the end of the period	Balance at the beginning of the period
Technology Co., Ltd.		
Datang High-tech Venture Capital Investment Co., Ltd.	25,622.63	
Total	2,812,051.53	2,612,662.58

6. Other receivables

(1). Disclosure of other receivables by type

Unit: Yuan

Currency: RMB

Category	Balance at the end of the period				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Withdrawing proportion (%)	
Other receivables with individually significant amounts and individual provision for bad debts					
Other receivables with provision for bad debts accrued on a portfolio basis of credit risks characters	281,084,805.21	81.80	34,657,507.23		246,427,297.98
Portfolio 1: with significant single amount and low portfolio risk	97,354,992.63	28.33	2,763,399.96	2.84	94,591,592.67
Portfolio 2: with non-significant single amount and low portfolio risk					
Portfolio 3: with high portfolio risk	183,729,812.58	53.47	31,894,107.27	17.36	151,835,705.31
Sub-total of portfolio	281,084,805.21	81.80	34,657,507.23		246,427,297.98
Other receivables with non-significant single amount and individual withdrawal of provision for bad debts	62,528,929.38	18.20	62,528,929.38	100.00	
Total	343,613,734.59	100.00	97,186,436.61	/	246,427,297.98

Category	Balance at the beginning of the period				
	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Withdrawing proportion (%)	
Other receivables with individually significant amounts and individual provision for bad debts					
Other receivables with provision for bad debts accrued on a portfolio basis of credit risks characters	268,667,325.21	80.89	24,421,257.27		244,246,067.94
Portfolio 1: with significant single amount and low portfolio risk	78,640,528.82	23.68	1,120,465.06	1.42	77,520,063.76
Portfolio 2: with non-significant single amount and low portfolio risk					
Portfolio 3: with high portfolio risk	190,026,796.39	57.21	23,300,792.21	12.26	166,726,004.18
Sub-total of portfolio	268,667,325.21	80.89	24,421,257.27		244,246,067.94
Other receivables with non-significant single amount and individual withdrawal of provision for bad debts	63,451,950.31	19.11	63,451,950.31	100.00	
Total	332,119,275.52	100.00	87,873,207.58		244,246,067.94

In the portfolio, other receivables with withdrawal of provision for bad debts according to aging analysis method:

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Aging	Balance at the end of the period		
	Other receivables	Provision for bad debts	Withdrawing proportion
Within 1 year (including 1 year)	136,696,252.93	682,890.74	0.50
1 to 2 years (including	40,368,749.76	807,375.00	2.00

Aging	Balance at the end of the period		
	Other receivables	Provision for bad debts	Withdrawing proportion
2 years)			
2 to 3 years (including 3 years)	64,637,888.55	3,231,894.43	5.00
3 to 4 years (including 4 years)	6,000,757.76	1,800,227.33	30.00
4 to 5 years (including 5 years)	10,492,072.97	5,246,036.49	50.00
Over 5 years	22,889,083.24	22,889,083.24	100.00
Total	281,084,805.21	34,657,507.23	

Other receivables with individually non-significant amounts and individual provision for bad debts at the end of the period

Other receivables (based on unit)	Balance at the end of the period			
	Other receivables	Provision for bad debts	Withdrawing proportion (%)	Withdrawing reason
Amount for over 5 years	62,528,929.38	62,528,929.38	100.00	No likely to be collectible
Total	62,528,929.38	62,528,929.38		

(2). **Provision for bad debts of withdrawal, recovery or reserving in the current period:**

The amount of provision for bad debts in the current period is RMB 9,328,984.14; the amount of provision for bad debts reduces RMB 15,755.11 due to the change of consolidation scope.

(3). **Categories of other receivables by nature**

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Nature of fund	Book balance at the end of the period	Book balance at the beginning of the period
Current account	53,285,902.59	28,546,131.55
Guarantee	179,035,526.28	177,001,413.09
Business funds	18,461,290.47	30,456,976.06
Bad claim (full amount provision for bad debt)	51,961,142.32	46,533,119.99
Withholding social security and public accumulation funds	2,958,200.30	1,090,723.33
Income tax of the accrued trade in allowance		10,555,415.29
Equity disposal fund	15,925,000.00	15,925,000.00
Suspense payment	9,752,200.63	9,286,272.55
Guarantee deposit	2,060,314.00	2,409,113.25
Others	10,174,158.00	10,315,110.41
Total	343,613,734.59	332,119,275.52

(4). **Details of other receivables of the top five of the balance at the end of the period collected according to the borrowers:**

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Unit name	Nature of fund	Balance at the end of the period	Aging	Proportion of total amount of ending balance of other receivables (%)	Balance of provision for bad debts at the end of the period
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Unit name	Nature of fund	Balance at the end of the period	Aging	Proportion of total amount of ending balance of other receivables (%)	Balance of provision for bad debts at the end of the period
No.1	Guarantee	28,000,000.00	2-3 years	8.15	1,400,000.00
No.2	Intercourse funds	25,993,217.63	Within 1 year	7.57	129,966.08
No.3	Guarantee	20,000,000.00	1-2 years	5.82	400,000.00
No.4	Equity disposal fund	15,925,000.00	2-3 years	4.63	796,250.00
No.5	Guarantee	7,436,775.00	Within 1 year	2.16	37,183.88
Total	/	97,354,992.63	/	28.33	2,763,399.96

7. Inventories

(1). Classification of inventories

Unit: Yuan Currency: RMB

Item	Balance at the end of the period			Balance at the beginning of the period		
	Book balance	Falling price reserves	Book value	Book balance	Falling price reserves	Book value
Raw materials	1,001,484,261.20	117,395,258.25	884,089,002.95	759,726,472.52	103,296,572.24	656,429,900.28
Materials in transit	10,915,603.62		10,915,603.62	126,259.43		126,259.43
Revolving materials	4,699,970.48	540,422.12	4,159,548.36	10,263,385.27	533,345.21	9,730,040.06
Consigned processing materials	218,266.65		218,266.65	1,434,065.61	1,415,100.23	18,965.38
Goods in process	207,701,605.91	20,927,400.34	186,774,205.57	276,371,898.17	111,220,564.75	165,151,333.42
Stock commodities	1,019,277,746.55	106,948,725.23	912,329,021.32	1,036,380,770.06	102,672,353.74	933,708,416.32
Others	69,255,111.02	7,290,970.00	61,964,141.02	27,175,762.60		27,175,762.60
Total	2,313,552,565.43	253,102,775.94	2,060,449,789.49	2,111,478,613.66	319,137,936.17	1,792,340,677.49

(2). Inventory falling price reserves

Unit: Yuan Currency: RMB

Item	Balance at the beginning of the period	Increased amount in current period		Reduced amount in current period		Balance at the end of the period
		Withdrawing	Others	Send back or write off	Others	
Raw materials	103,296,572.24	27,286,593.36		13,187,907.35		117,395,258.25
Revolving materials	533,345.21	7,076.91				540,422.12
Consigned processing materials	1,415,100.23			1,415,100.23		
Goods in process	111,220,564.75	8,039,231.56		98,332,395.97		20,927,400.34
Stock commodities	102,672,353.74	24,994,130.10		20,717,758.61		106,948,725.23
Others		7,290,970.00				7,290,970.00
Total	319,137,936.17	67,618,001.93		133,653,162.16		253,102,775.94

8. Other current assets

Unit: Yuan Currency: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Tax of the accrued trade in allowance	172,148,916.10	
Bank financial products	30,000,000.00	50,000,000.00
Total	202,148,916.10	50,000,000.00

9. Available-for-sale financial assets

√ Applicable □ Not applicable

(1). Details of available-for-sale financial assets

Unit: Yuan Currency: RMB

Item	Balance at the end of the period			Balance at the beginning of the period		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Debt instrument available for sale;						
Equity instrument available for sale;	53,143,748.75		53,143,748.75	53,143,748.75		53,143,748.75
Fair value measurement						
Cost measurement	53,143,748.75		53,143,748.75	53,143,748.75		53,143,748.75
Total	53,143,748.75		53,143,748.75	53,143,748.75		53,143,748.75

(2). Available-for-sale financial assets measured at cost at the end of the period

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Invested company	Book balance				Provision for impairment				Shareholding ratio in invested company (%)	Current cash bonus
	The beginning of the period	Current period increase	Current period decrease	At the end of the period	The beginning of the period	Current period increase	Current period decrease	At the end of the period		
Beijing Datang Yongsheng Technology Development Co., Ltd.	5,000,000.00			5,000,000.00					16.70	
ACP ADVANCED CIRCUIT PURSUIT AG	13,053,400.00			13,053,400.00					6.897	
Guangzhou Rising Micro Electronics Co., Ltd.	9,975,872.54			9,975,872.54					13.45	
Datang High-tech Venture Capital Investment Co., Ltd.	25,114,476.21			25,114,476.21					15.17	
Total	53,143,748.75			53,143,748.75					/	

10. Long-term receivables√ Applicable ☐ Not applicable**(1). Long-term receivables:**

Unit: Yuan

Currency: RMB

Item	Balance at the end of the period			Balance at the beginning of the period			Discount rate interval
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value	
Commodities for installment sale	22,694,000.0	7,942,900.00	14,751,100.00	21,584,676.61	1,134,700.00	20,449,976.61	
Total	22,694,000.0	7,942,900.00	14,751,100.00	21,584,676.61	1,134,700.00	20,449,976.61	/

11. Long-term equity investments

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Investee	Balance at the beginning of the period	Increase or decrease in current period								Balance at the end of the period	Balance of depreciation reserves at the end of the period
		Additional investment	Negative investment	Profit and loss on investment confirmed by the equity method	Other comprehensive income adjustment	Other equity change	Cash, dividends or profits declared for distribution	Accrual of provision for impairment	Others		
II. Associates											
Datang Telecom (Tianjin) Science and Technology Industrial Park Co., Ltd.	34,116,353.58			-6,778,776.67						27,337,576.91	
Chengdu Datang Cable Co., Ltd.	76,120,071.52			8,597,205.80						84,717,277.32	
Beijing Datang Technology Development Co., Ltd.	8,187,066.21			-494,623.79						7,692,442.42	
Datang Telecom Investment Co., Ltd.	44,822,109.71			704,297.71						45,526,407.42	
Xi'an Datang Monitoring Technology Co., Ltd.	30,567,602.62			-1,562,742.44						29,004,860.18	
Nanjing Yunke Equity Investment Fund Management Co., Ltd.	4,018,850.40			43,217.43						4,062,067.83	
Datang Yingjia (Beijing) Mobile Technology Co., Ltd.	1,001,325.00			-351.03					-1,000,973.97		
Xinhua Haimeng (Tianjin) Technology Co.,	19,000,000.00			-313.49					-18,999,686.51		

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Investee	Balance at the beginning of the period	Increase or decrease in current period								Balance at the end of the period	Balance of depreciation reserves at the end of the period
		Additional investment	Negative investment	Profit and loss on investment confirmed by the equity method	Other comprehensive income adjustment	Other equity change	Cash, dividends or profits declared for distribution	Accrual of provision for impairment	Others		
Ltd.											
Datang Zhongke Innovation Investment Partnership (limited partnership)		25,000,000.00		4,279.43						25,004,279.43	
Xinhua Ruide (Beijing) Network Technology Co., Ltd.		132,896,459.22		3,209,000.28					138,923,606.12	275,029,065.62	
Beijing Datang Smart Card Technology Co., Ltd.		49,674,018.30							11,587,824.32	61,261,842.62	
Hulu Technology Co., Ltd.		30,000,000.00		-1,284,701.51					-28,715,298.49		
Tansonic Internet Technology (Dalian) Co., Ltd.		1,900,000.00							-1,900,000.00		
Xi'an Yunlu Network Technology Co., Ltd.		1,900,000.00							-1,900,000.00		
365ANTU(BEIJING) INFORMATION TECHNOLOGY CO.,LTD		2,400,000.00							-2,400,000.00		
Manyi Network Technology Co., Ltd.		5,160,000.00							-5,160,000.00		
Zhongtang Industrial Information		9,500,000.00							-9,500,000.00		

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Investee	Balance at the beginning of the period	Increase or decrease in current period								Balance at the end of the period	Balance of depreciation reserves at the end of the period
		Additional investment	Negative investment	Profit and loss on investment confirmed by the equity method	Other comprehensive income adjustment	Other equity change	Cash, dividends or profits declared for distribution	Accrual of provision for impairment	Others		
Investment Research Center (Shenzhen) Co., Ltd.											
Sub-total	217,833,379.04	258,430,477.52		2,436,491.72					80,935,471.47	559,635,819.75	
Total	217,833,379.04	258,430,477.52		2,436,491.72					80,935,471.47	559,635,819.75	

12. Fixed assets

Item	Unit: Yuan							Currency: RMB	
	Buildings and constructions	Transportation equipment	General equipment	Special equipment	Instruments	Other equipment	Total		
I. Original book value:									
1. Balance at the beginning of the period	565,418,686.04	17,348,633.96	431,460,081.37	232,850,173.18	184,613,735.18	102,224,213.64	1,533,915,523.37		
2. Increased amount in current period	1,608,803.57	1,321,680.34	54,076,504.01	4,339,128.32	13,786,062.28	19,212,498.56	94,344,677.08		
(1) Purchasing	1,608,803.57	1,321,680.34	54,076,504.01	4,339,128.32	13,786,062.28	18,139,181.56	93,271,360.08		
(2) Transfer-in of construction in progress						1,073,317.00	1,073,317.00		
(3) Increase of business combination									
3. Decreased amount in current period	5,220,094.80	1,419,060.23	77,092,611.84	35,446,166.16	20,263,405.31	9,636,515.57	149,077,853.91		
(1) Disposal or retirement	5,220,094.80	1,419,060.23	77,092,611.84	35,446,166.16	20,263,405.31	9,636,515.57	149,077,853.91		
4. Balance at the end of the period	561,807,394.81	17,251,254.07	408,443,973.54	201,743,135.34	178,136,392.15	111,800,196.63	1,479,182,346.54		
II. Accumulative depreciation									
1. Balance at the beginning of the period	71,920,275.20	14,010,933.43	245,818,235.25	149,473,403.61	120,634,836.96	51,510,712.49	653,368,396.94		
2. Increased amount in current period	15,824,768.12	1,616,518.74	41,836,499.12	10,289,543.55	6,773,289.41	9,180,833.79	85,521,452.73		
(1) Withdrawing	15,824,768.12	1,616,518.74	41,836,499.12	10,289,543.55	6,773,289.41	9,180,833.79	85,521,452.73		
(2) Increase of business									

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Item	Buildings and constructions	Transportation equipment	General equipment	Special equipment	Instruments	Other equipment	Total
combination							
3. Decreased amount in current period	2,338,251.61	1,250,981.92	57,668,246.09	29,961,543.25	18,787,846.83	4,885,852.58	114,892,722.28
(1) Disposal or retirement	2,338,251.61	1,250,981.92	57,668,246.09	29,961,543.25	18,787,846.83	4,885,852.58	114,892,722.28
4. Balance at the end of the period	85,406,791.71	14,376,470.25	229,986,488.28	129,801,403.91	108,620,279.54	55,805,693.70	623,997,127.39
III. Depreciation reserves							
1. Balance at the beginning of the period			14,441.20	52,113.71	747,122.61	20,625,186.61	21,438,864.13
2. Increased amount in current period							
(1) Withdrawing							
3. Decreased amount in current period							
(1) Disposal or retirement							
4. Balance at the end of the period			14,441.20	52,113.71	747,122.61	20,625,186.61	21,438,864.13
IV. Book value							
1. Book value at the end of the period	476,400,603.10	2,874,783.82	178,443,044.06	71,889,617.72	68,768,990.00	35,369,316.32	833,746,355.02
2. Book value at the beginning of the period	493,498,410.84	3,337,700.53	185,627,404.92	83,324,655.86	63,231,775.61	30,088,314.54	859,108,262.30

13. Construction in progress

√ Applicable □ Not applicable

(1). Construction in progress

Item	Balance at the end of the period			Balance at the beginning of the period		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Third phase of Yongfeng Project	188,283,753.24		188,283,753.24	108,090,181.81		108,090,181.81
Renovation Project of Lighting System for Nanchong				673,395.00		673,395.00

Unit: Yuan Currency: RMB

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Item	Balance at the end of the period			Balance at the beginning of the period		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Central Hospital						
ERP Project	4,305,985.00		4,305,985.00	464,500.00		464,500.00
Total	192,589,738.24		192,589,738.24	109,228,076.81		109,228,076.81

(2). Changes in important construction in progress

√ Applicable □ Not applicable

Unit: Yuan											Currency: RMB	
Project name	Budget	Balance at the beginning of the period	Increased amount in current period	Added-in fixed assets in current period	Other reduced amount in current period	Balance at the end of the period	Accumulated investment in construction ratio in budget (%)	Construction progress (%)	Accumulated capitalization of interest	Including: capitalization of interest in current period	Capitalization rate of interest in current period (%)	Capital source
Third phase of Yongfeng Project	564,552,100.00	108,090,181.81	80,193,571.43			188,283,753.24	33.35	90.00	8,617,093.00	7,210,760.99	6.40	Loan & Self-raised Funds
Renovation Project of Lighting System for Nanchong Central Hospital	1,073,300.00	673,395.00	399,922.00	1,073,317.00			100.00	100.00				Self-raised
ERP Project	6,000,000.00	464,500.00	3,841,485.00			4,305,985.00	71.76	70.00				Self-raised
Total	571,625,400.00	109,228,076.81	84,434,978.43	1,073,317.00		192,589,738.24	/	/	8,617,093.00	7,210,760.99	/	/

14. Intangible assets

		Unit: Yuan		Currency: RMB
Item	Land use right	Software, system, license fee	Proprietary technology	Total
I. Original book value				
1. Balance at the beginning of the period	126,519,726.17	1,034,898,227.56	1,243,741,568.76	2,405,159,522.49
2. Increased amount in current period		185,424,798.64	551,133,318.99	736,558,117.63
(1) Purchasing		110,951,256.80	69,472,220.47	180,423,477.27
(2) Inner R&D		74,473,541.84	481,661,098.52	556,134,640.36
(3) Increase of business combination				
3. Decreased amount in current period		59,631,416.64	3,153,827.85	62,785,244.49
(1) Disposal		59,631,416.64	3,153,827.85	62,785,244.49
4. Balance at the end of the period	126,519,726.17	1,160,691,609.56	1,791,721,059.90	3,078,932,395.63
II. Accumulated amortization				
1. Balance at the beginning of the period	6,408,911.44	496,147,266.56	566,441,461.42	1,068,997,639.42
2. Increased amount in current period	2,526,077.69	185,991,818.18	200,505,555.01	389,023,450.88
(1) Withdrawing	2,526,077.69	185,991,818.18	200,505,555.01	389,023,450.88
3. Decreased amount in current period		14,413,269.17	1,670,417.46	16,083,686.63
(1) Disposal		14,413,269.17	1,670,417.46	16,083,686.63
4. Balance at the end of the period	8,934,989.13	667,725,815.57	765,276,598.97	1,441,937,403.67
III. Depreciation reserves				
1. Balance at the beginning of the period				
2. Increased amount in current period				
(1) Withdrawing				
3. Decreased amount in current period				
(1) Disposal				
4. Balance at the end of the period				
IV. Book value				
1. Book value at	117,584,737.04	492,965,793.99	1,026,444,460.93	1,636,994,991.96

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Item	Land use right	Software, system, license fee	Proprietary technology	Total
the end of the period				
2. Book value at the beginning of the period	120,110,814.73	538,750,961.00	677,300,107.34	1,336,161,883.07

15. Development expenditures

√ Applicable □ Not applicable

Item	Balance at the beginning of the period	Increased amount in current period		Reduced amount in current period			Balance at the end of the period
		Internal development expenditures	Others	Confirmed intangible assets	Accounted into profit and loss in current period	Others	
Game Software Development	24,551,961.81	23,333,253.55		27,907,395.02	5,540,292.26		14,437,528.08
Internet Business Capacity Support Platform R&D	7,257,067.13			7,255,131.03	1,936.10		
FAST Integrated Intelligent Webmaster V1.0	2,230,433.80	99,274.85		2,329,708.65			
FAST Net Marketing System V2.0	1,566,291.00	364,022.36		1,930,313.36			
FAST ENOM 3.0	1,238,338.27	146,712.82		1,385,051.09			
City Service Management & CEP Network Support Software Platform	14,106,248.76	13,756,513.83		15,714,449.59			12,148,313.00
Network Resource Cost System V1.0	14,076,965.41			14,076,965.41			
FAST EOM V1.0 Project	8,889,937.20	568,941.33		9,458,878.53			
Intelligent Greenhouse Farm Product & Cloud Service System	1,058,343.80			1,058,343.80			
Zhicheng ERP Smart Application System V1.0	15,480.40				15,480.40		
Operator business management and supporting system development based on cloud-computing		4,167,744.17					4,167,744.17
Smart City Infrastructure General Monitoring Management		10,466,218.51			10,466,218.51		
Key technology research and application demonstration of management services of		4,543,743.58			4,543,743.58		

Unit: Yuan

Currency: RMB

Item	Balance at the beginning of the period	Increased amount in current period		Reduced amount in current period			Balance at the end of the period
		Internal development expenditures	Others	Confirmed intangible assets	Accounted into profit and loss in current period	Others	
smart community							
FAST cloud application engine research project		2,572,265.73			2,572,265.73		
Information Safety Management Project Research		2,048,484.73			2,048,484.73		
Full resources data GIS application		1,243,581.99			1,243,581.99		
Integrated service operating platform and test management system		2,060,486.23			2,060,486.23		
Terminal software development service	9,273,099.69	1,277,731.86		7,500,000.00	1,491,050.85		1,559,780.70
Special Phone for Industrial Terminals	2,630,046.48	1,248,451.42			987,885.37		2,890,612.53
Terminal software development service	7,935,978.69			7,935,978.69			
General Phone Terminals	69,613.21				69,613.21		
Terminal Phone Development		7,324,747.73			7,324,747.73		
WCDMA Wireless Communication System for Mineral Industry MA Reformation Design	2,820,072.96			2,820,072.96			
Mineral Industry TD, Automaton, Schedule, Broadcasting, and Net System Maintenance & Upgrading System	3,643,970.31			3,643,970.31			
WLAN Smart Access Controller	1,662,119.62			1,662,119.62			
Broadband access product		6,523,414.40			6,523,414.40		
Mineral Industry TD,		3,065,560.02			3,065,560.02		

Item	Balance at the beginning of the period	Increased amount in current period		Reduced amount in current period			Balance at the end of the period
		Internal development expenditures	Others	Confirmed intangible assets	Accounted into profit and loss in current period	Others	
Automaton, Schedule, Broadcasting, and Net System Maintenance & Upgrading System							
Future wireless communication based on enhancing the security of physical layer		14,387.50			14,387.50		
Transmission Technology Research							
Monitoring Platform Development		6,045,020.10			6,045,020.10		
Vehicle-mounted gateway product development and existing network supporting project		1,024,830.76			1,024,830.76		
SmallCell Product		734,994.76			734,994.76		
Internet of Things gateway equipment development and industrial applications		2,312,622.62			2,312,622.62		
Education technology service platform (IME platform 1.0)	4,308,874.34	14,991,030.90				19,299,905.24	
One-stop Cloud Platform	19,968,993.15	669,852.63		17,981,075.39	2,657,770.39		
Industry Application Incubation Project	8,896,339.91	37,491,919.05		1,935,581.42	3,608,140.05	40,844,537.49	
Chips & Solutions	284,155,772.05	400,939,515.52		299,629,675.13	10,354,323.04		375,111,289.40
Access Product Project	959,105.58	908,407.23		959,105.58	908,407.23		
City Service Management & CEP Network Support Software Platform Project							
IVS Project	2,606,738.58	5,098.39					2,611,836.97
Telematics Information	186,490.33				186,490.33		

Item	Balance at the beginning of the period	Increased amount in current period		Reduced amount in current period			Balance at the end of the period
		Internal development expenditures	Others	Confirmed intangible assets	Accounted into profit and loss in current period	Others	
Platform							
Intelligent Greenhouse Project	6,677,778.49	301,094.35			6,978,872.84		
IVS key algorithm research and industrial verification project		1,439,481.48					1,439,481.48
Wearable health terminal and service Industrialization based on TD-LTE		19,465,730.21			6,493,730.21		12,972,000.00
General Control Platform V3.0		1,183,172.49					1,183,172.49
Wireless Internet Business Environment System Based on Web		7,282,471.49			7,282,471.49		
Industry Application Based on Triones and TD-LTE		4,994,474.95			4,994,474.95		
General Control Platform		357,523.92			357,523.92		
On-board Video Synchronization Development	3,079,363.31			3,079,363.31			
BusFi Development	1,693,675.84			1,693,675.84			
On-board PTN Development	1,705,508.04	728,275.96		1,705,508.04	728,275.96		
SDH UNMP Development and Equipment Upgrading & Maintenance	1,040,975.06			1,040,975.06			
Equipment Development for Integration of Video Synchronization		3,060,014.37			3,060,014.37		
Fingerprint financial IC card R&D and industrialization based on domestic chips and encryption algorithm		1,147,898.74			1,147,898.74		
Telecom Payment Card	9,011,352.85	6,489,410.04			6,489,410.04	9,011,352.85	

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Item	Balance at the beginning of the period	Increased amount in current period		Reduced amount in current period			Balance at the end of the period
		Internal development expenditures	Others	Confirmed intangible assets	Accounted into profit and loss in current period	Others	
Finance & Industry Application Card	14,029,257.88	7,667,869.84			4,869,916.68	16,827,211.04	
Intelligent Card Solutions	4,528,815.96	7,018,004.73			4,667,176.34	6,879,644.35	
Terminal software development service	120,002.22	2,681,292.31					2,801,294.53
Triones Operating Platform Development		385					385
Industry terminal -LTE industrial phone		13,685,359.36					13,685,359.36
General terminal - LTE data terminal		5,186,038.57			5,186,038.57		
LTE industrial specific tablet PC		3,567,525.60			3,567,525.60		
LTE smart phones for the elderly and application platform		104,716.98			104,716.98		
Terminal Security Management Platform		19,442.50			19,442.50		
Intelligent Mobile Terminal Based on QRD	3,693,989.07			3,693,989.07			
Mobile Intelligent Terminal Phones with Windows10 Operating System		42,283,549.31			35,776,981.76		6,506,567.55
New mobile motherboard R&D		1,515,381.34			1,515,381.34		
Smart phone motherboard R&D		1,167,182.86			1,167,182.86		
Converged communications system based on softswitch		708,769.53			708,769.53		
Security Prevention Monitoring System Development		2,186,701.44			2,186,701.44		
Payment Chips	26,020,335.43	43,856,661.21					69,876,996.64

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Item	Balance at the beginning of the period	Increased amount in current period		Reduced amount in current period			Balance at the end of the period
		Internal development expenditures	Others	Confirmed intangible assets	Accounted into profit and loss in current period	Others	
Development							
General Products							
Development	2,088,861.89	9,003,388.35					11,092,250.24
E-card Chips Development	6,326,920.96	3,005,456.96		9,332,377.92			
Smart Card Development	2,350,828.39	45,215,146.44			47,565,974.83		
Wearable Chip Development							
Platform	3,728,794.51	7,098,809.66		10,591,708.17	235,896.00		
Chip Safety Platform	6,829,682.96	151,456,704.80		99,813,227.37	11,259,274.63		47,213,885.76
Gate Drive Chip							
Development		11,369,374.05					11,369,374.05
Storage Battery Project							
Development		17,410,585.28			17,410,585.28		
Total	517,034,425.34	972,606,722.69		556,134,640.36	249,575,984.75	92,862,650.97	591,067,871.95

16. Goodwill

√ Applicable □ Not applicable

(1). The original value of goodwill on the book

The original value of goodwill on the book				Unit: Yuan	Currency: RMB	
Investee name or items forming goodwill	Balance at the beginning of the period	Increase of current period		Decrease of current period		Balance at the end of the period
		Formed from Enterprise Combination	Others	Disposal	Others	
Datang Microelectronics Technology Co., Ltd.	1,542,633.71					1,542,633.71
Shanghai Uniscope Communication Technologies Co., Ltd.	130,558,011.23					130,558,011.23
Shengyao Wireless Communication Technology (Beijing) Co., Ltd.	12,943,971.37					12,943,971.37
Jiangsu I-front Science & Technology Co., Ltd.	110,169,042.36					110,169,042.36
Qidong Uniscope Electronics Co., Ltd.	45,619,509.99					45,619,509.99
Guangzhou Yaowan Entertainment Network Technology Co. Ltd.	1,337,352,615.73					1,337,352,615.73
Total	1,638,185,784.39					1,638,185,784.39

(2). Provision for impairment of goodwill

				Unit: Yuan	Currency: RMB	
Investee name or items forming goodwill	Balance at the beginning of the period	Increase of current period		Decrease of current period		Balance at the end of the period
		Withdrawing	Others	Disposal	Others	
Shanghai Uniscope Communication Technologies Co., Ltd.	24,755,555.00	10,638,645.00				35,394,200.00
Qidong Uniscope Electronics Co., Ltd.		5,733,400.00				5,733,400.00
Shengyao Wireless Communication Technology (Beijing) Co., Ltd.	5,300,000.00					5,300,000.00
Total	30,055,555.00	16,372,045.00				46,427,600.00

Notes: 1. In 2006 the Company repurchased 5% stock right of Datang Microelectronics Technology Co., Ltd. from Warburg Pincus China Investment Co., Ltd. directly and indirectly holds 31.71% stock right of Datang Microelectronics Technology Co., Ltd.

through Datang (Holdings) Limited. Based on the net assets of Datang Microelectronics Technology Co., Ltd. in late 2005, the agreement price is RMB 120,618,042.00. At the end of 2005 the net assets of Datang Microelectronics Technology Co., Ltd. is RMB 297,841,925.82. Thus, the equity of the Company should be RMB 109,337,770.97 by 36.71%. The difference is RMB 11,280,271.03. But after the offset investment income of RMB 4,903,734.44 confirmed by Datang (Holdings) Limited, according to "Enterprise Accounting Standards No.33 Consolidated Financial Statements" the goodwill is RMB 6,376,536.59. On May 7, 2008, CSRC issued to the Company the administrative penalty decision China Securities Regulatory Commission [2008] No.28. Based on the punishment, the Company corrected related accounting errors, and reduced goodwill formed by purchasing stock right of Datang Microelectronics Technology Co., Ltd. by RMB 4,833,902.88, then accounted to the goodwill of RMB 1,542,633.71 finally.

2. According to the resolutions of the Nineteenth Meeting of the Forth Board of Directors and the Third Extraordinary General Meeting in 2008, the Company acquired the stock right of Shanghai Uniscope Technology Co., Ltd. at the total price of RMB 155 million, from Gu Xinhui and Xiong Bihui, 17.5% respectively. Shanghai Uniscope Technology Co., Ltd. has handled the change of business registration, the Company holds 35% stock right of Shanghai Uniscope Technology Co. Ltd. Shanghai Uniscope Technology Co., Ltd. and its wholly owned subsidiary Shanghai Pu Song Electronics Co., Ltd. and Shanghai Jing Yu Communication Technology Co., Ltd. were included into the scope of consolidation on September 30, 2008. As of September 30, 2008, the consolidated net assets of Shanghai Uniscope Co., Ltd. are RMB 70,719,967.90. The difference between the cost of the business combination of RMB 155,310,000.00 paid by the Company and the 35% stock right of RMB 24,751,988.77 held by the Company calculated by acquiree's identifiable net assets is RMB 130,558,011.23, which is recognized as goodwill. At the end of 2009, according to Kaiyuan assessment report [2010] No.008 "Asset Appraisal Report" issued by Kaiyuan Assets Appraisal Co., Ltd., assessed by income method, the market value of all the rights and interests of Shanghai Communication Technology Co., Ltd. is RMB 373,012,700, and according to 35% stock right, the calculated amount is RMB 130,554,445, forming a difference between the cost of the enterprise combination of RMB 24,755,555.00, which is suggested as the provision for impairment of goodwill.

At the end of 2015, according to Tianxing Assessment Report [2016] No.0310 "Asset Appraisal Report" issued by Beijing Pan-China Assets Appraisal Co., Ltd., assessed by income method, the market value of all the rights and interests of Shanghai Uniscope Communication Technologies Co., Ltd. is RMB 393,415,800. The provision for impairment of the book value of the cost of merger is RMB 10,638,645.00.

3. In November 2011 the Company purchased 40% stock right of Shengyao Wireless Communication Technology (Beijing) Co., Ltd. at the price of RMB 17 million in cash, of which RMB 3.23 million for 7.6% stock right held by Wu Zunxiang, and RMB 13.77 million for 32.4% stock right held by Shengyao Wireless Communication Technology (Beijing) Co., Ltd. The difference between acquisition investment and the identifiable net assets of Shengyao Wireless Communication Technology (Beijing) Co., Ltd. after deducting amortization forms goodwill of RMB 12,943,971.37.

At the end of 2013, according to Tianxing Assessment Report [2014] No.0170 "Asset Appraisal Report" issued by Beijing Pan-China Assets Appraisal Co., Ltd., assessed by income method, the market value of all the rights and interests of Shengyao Wireless Communication Technology (Beijing) Co., Ltd. is RMB 31.75 million. The amount calculated by 40% stock right is less than the book value of the cost of merger, thus the planned provision for impairment of the period is RMB 4,300,000.00.

At the end of 2014, according to Tianxing Assessment Report [2015] No.0188 "asset evaluation report" issued by Beijing Pan-China Assets Appraisal Co., Ltd., assessed by asset-based method, the market value of all the right and interests of Shengyao Wireless

Communication Technology (Beijing) Co., Ltd. is RMB 11.7 million. The amount calculated by 100% stock right is less than the book value of the cost of merger, thus the planned provision for impairment of the period is RMB 1,000,000.00.

At the end of 2015, according to Tianxing Assessment Report [2016] No.0307 "asset evaluation report" issued by Beijing Pan-China Assets Appraisal Co., Ltd., the market value of all the right and interests of Shengyao Wireless Communication Technology (Beijing) Co., Ltd. is assessed by asset-based method. The amount calculated by 100% stock right is larger than the book value of the cost of merger, thus no need to withdraw provision for impairment.

4. According to "The Proposal on the Acquisition of Stock Right of Jiangsu I-front Science & Technology Co., Ltd." approved by the thirtieth meeting of the fifth Board of Directors, the Company acquired 41% stock right of Jiangsu I-front Science & Technology Co., Ltd. at the price of RMB 127.1 million in cash from Tak Peregrine Technology Group (Xiamen) Co., Ltd. Jiangsu I-front Science & Technology Co., Ltd. has completed the business registration of change on September 10, 2012, and the Company holds 41% stock right. Jiangsu I-front Technology Limited and its wholly owned subsidiary Jiangsu I-front Information Technology Co., Ltd. were included into the consolidation scope on September 20, 2012. As of September 20, 2012, the consolidated value of identifiable net assets of Jiangsu I-front Science & Technology Co., Ltd. is RMB 41,295,018.64. The difference between payment cost and the amount calculated by 41% of the value of the acquiree's identifiable net assets of RMB 16,930,957.64 is RMB 110,169,042.36, which is recognized as goodwill.

5. According to "The Proposal on Buying Assets and Raising Funds by Non-public Shares Offering" approved by 24th meeting of the 5th board of directors and the Second Extraordinary General Meeting in 2012, the Company intended to purchase assets and raise matching funds by non-public offering of A shares. The Company issued shares to natural persons Gu Xinhui and Xiong Bihui, and purchased 100% stock right of Qidong Uniscope Electronics Co., Ltd. held by them. Qidong Uniscope Electronics Co., Ltd. has completed the change of business registration on October 15 2012, and the Company holds 100% stock right of Qidong Uniscope Electronics Co., Ltd. Qidong Uniscope Electronics Co., Ltd. was included into the consolidation scope on October 16, 2012. As of October 16, 2012, the fair value of identifiable net assets of Qidong Uniscope Electronics Co., Ltd. is RMB 27,980,490.01. The difference between the net asset value of Qidong Uniscope Electronics Co., Ltd. of RMB 73,600,000.00 and the consideration payment of RMB 27,980,490.01 is RMB 45,619,509.99, which is recognized as goodwill.

At the end of 2015, according to Tianxing Assessment Report [2016] No.0308 "Asset Appraisal Report" issued by Beijing Pan-China Assets Appraisal Co., Ltd., assessed by income method, the market value of all the rights and interests of Qidong Uniscope Electronics Co., Ltd. is RMB 67,866,600. The provision for impairment of the book value of the cost of merger is RMB 5,733,400.00.

6. According to Commission license [2014] No.332 "The Approval on Datang Technology Co., Ltd. Buying Assets and Raising Matching Funds by Issuing Shares to Zhou Hao etc." issued by CSRC on March 28, 2014, the Company purchased 100% stock right of Guangzhou Yaowan Recreation Network Technology Co., Ltd. from Zhou Hao, Chen Yong, Ye Yubin, Chen Ling, Kang Yanzun, Huang Yong, Zhe Jiang Hongfan Venture Capital Co., Ltd., Guangzhou Shibao Investment Partnership (limited partnership), Haitong Kaiyuan Investment Co., Ltd. through the issuance of shares and cash, and issue shares to raise matching funds and use its own funds to pay for the cash portion of the purchase price. The Company issued 39,864,892 shares to Zhou Hao, 35,571,883 shares to Chen Yong, 2,808,571 shares to Ye Yubin, 1,430,999 shares to Chen Ling, 1,240,199 shares to Kang Yanzun, 1,144,799 shares to Huang Yong, 5,968,227 Shares to Zhejiang Hongfan Venture Capital Co., Ltd., 4,292,999 shares to Guangzhou Shibao investment partnership (limited

partnership), and 10,258,062 shares to Haitong Kaiyuan Investment Limited to buy relating assets, with total non-public offering of 37,820,528 shares. The difference between acquisition investment and the fair value of identifiable net assets of Guangzhou Yaowan Recreation Network Technology Co., Ltd. after deducting assess forms the value of goodwill of RMB 1,337,352,615.73.

17. Long-term deferred expenses

√ Applicable □ Not applicable

Item	Balance at the beginning of the period	Increased amount in current period	Amortization amount of the current period	Unit: Yuan	Currency: RMB
				Other reduced amount	Balance at the end of the period
Decoration fee	14,071,839.12	4,750,869.54	11,316,866.65		7,505,842.01
Total	14,071,839.12	4,750,869.54	11,316,866.65		7,505,842.01

18. Deferred income tax assets / deferred income tax liabilities

(1). Deferred income tax assets before offset

√ Applicable □ Not applicable

Item	Unit: Yuan		Currency: RMB	
	Balance at the end of the period		Balance at the beginning of the period	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Allowances for assets impairment	198,549,760.65	30,953,918.16	143,483,260.45	17,228,155.27
Amortization of intangible assets	179,559,104.85	26,933,865.73	138,006,951.48	16,775,348.57
Interest payable			934,620.19	93,462.02
Total	378,108,865.50	57,887,783.89	282,424,832.12	34,096,965.86

(2). Deferred income tax liabilities before offset

√ Applicable □ Not applicable

Item	Unit: Yuan		Currency: RMB	
	Balance at the end of the period		Balance at the beginning of the period	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Added value of consolidation assets of enterprises under different control	72,865,536.72	10,896,785.94	84,888,783.07	12,658,769.15
Depreciation of fixed assets	5,598,449.59	839,767.44		
Total	78,463,986.31	11,736,553.38	84,888,783.07	12,658,769.15

19. Short-term borrowings

√ Applicable □ Not applicable

Item	Unit: Yuan		Currency: RMB	
	Balance at the end of the period		Balance at the beginning of the period	
Guaranteed borrowings	409,000,000.00		434,360,000.00	
Credit borrowings	1,876,880,586.12		2,926,345,983.96	
Other borrowings	65,516,153.86		73,211,253.62	
Total	2,351,396,739.98		3,433,917,237.58	

Notes: Other borrowings are defined as the discount of bill of right of resource.

20. Notes payable

√ Applicable □ Not applicable

	Unit: Yuan	Currency: RMB
Types	Balance at the end of the period	Balance at the beginning of the period
Bankers' acceptance bill	624,965,596.15	261,512,470.88
Trade acceptance bill	198,551,547.51	30,716,988.96
Domestic letter of credit		129,682,328.00
Total	823,517,143.66	421,911,787.84

21. Accounts payable

(1). Details of accounts payable

√ Applicable □ Not applicable

	Unit: Yuan	Currency: RMB
Item	Balance at the end of the period	Balance at the beginning of the period
Within 1 year	1,278,491,687.01	1,215,979,763.12
1-2 years	75,321,668.44	104,035,496.55
2-3 years	52,743,396.48	23,979,604.05
Over 3 years	43,380,139.49	31,464,600.28
Total	1,449,936,891.42	1,375,459,464.00

(2). Important accounts payable over one year

√ Applicable □ Not applicable

	Unit: Yuan	Currency: RMB
Item	Balance at the end of the period	Reasons of un-payment or carrying forward
Chengdu Datang Cable Co., Ltd.	6,629,036.84	Unsettled
Beijing Datang Smart Card Technology Co., Ltd.	6,125,074.78	Unsettled
Shaanxi Xinja Network Technology Co., Ltd.	5,464,734.15	Unsettled
Chengdu Fujie Labor Services Co., Ltd.	5,104,309.70	Unsettled
Tongfang Co., Ltd.	3,809,345.30	Unsettled
Total	27,132,500.77	/

22. Advances from customers

(1). Details of advances from customers

√ Applicable □ Not applicable

	Unit: Yuan	Currency: RMB
Item	Balance at the end of the period	Balance at the beginning of the period
Within 1 year (including 1 year)	301,653,881.07	263,425,711.05
1-2 years (including 2 years)	17,663,142.03	26,101,244.67
2-3 years (including 3 years)	17,462,950.05	4,204,365.45
Over 3 years	7,285,182.66	9,034,412.64
Total	344,065,155.81	302,765,733.81

(2). Important advances from customers over one year

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Balance at the end of the period	Reasons of un-payment or carrying forward
Chongqing Xinwei Telecom Technology Co., Ltd.	7,830,528.52	Contract in process, carrying-forward and settlement are not executed
Mountain Torrent Disasters Prevention and Control County of the No.10 Division of Xinjiang Production and Construction Corps	1,618,643.50	Contract in process, carrying-forward and settlement are not executed
Government Offices Administration of Chenghua District, Chengdu	1,539,532.91	Contract in process, carrying-forward and settlement are not executed
PT.LINTAS BUMI LESTARI	1,317,791.36	Contract in process, carrying-forward and settlement are not executed
Chinabank Payments Beijing Technology Co., Ltd.	1,300,609.53	Contract in process, carrying-forward and settlement are not executed
Total	13,607,105.82	/

23. Employee compensation payable**(1). Details of employee compensation payable:**

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Balance at the beginning of the period	Increase of current period	Decrease of current period	Balance at the end of the period
I. Short-term employee compensation	28,552,079.11	868,398,895.78	869,307,614.13	27,643,360.76
II. Post-employment welfare - defined contribution plans	9,571,078.14	102,951,214.93	105,786,568.04	6,735,725.03
III. Dismission welfare	307,064.43	2,427,277.03	2,513,107.53	221,233.93
IV. Other welfare payable due within one year				
Total	38,430,221.68	973,777,387.74	977,607,289.70	34,600,319.72

(2). Details of short-term employee compensation:

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Balance at the beginning of the period	Increase of current period	Decrease of current period	Balance at the end of the period
I. Wages, bonuses, allowances and subsidies	7,942,238.56	723,266,649.09	723,142,562.57	8,066,325.08
II. Employee welfare expenses		25,050,310.05	25,036,998.05	13,312.00
III. Social insurance expenses	3,873,992.80	52,878,827.06	53,117,970.75	3,634,849.11
Including: medical insurance expenses	3,412,203.85	45,665,071.60	45,640,314.58	3,436,960.87
Work injury insurance expenses	130,285.90	2,560,604.38	2,581,445.11	109,445.17
Maternity insurance	329,339.27	4,123,321.97	4,366,381.95	86,279.29

Item	Balance at the beginning of the period	Increase of current period	Decrease of current period	Balance at the end of the period
expenses				
Others	2,163.78	529,829.11	529,829.11	2,163.78
IV. Housing provident funds	4,596,026.14	53,357,115.13	55,871,114.01	2,082,027.26
V. Labor union expenditures and employee education expenses	12,139,821.61	13,845,994.45	12,138,968.75	13,846,847.31
VI. Short-term compensated absences				
VII. Short-term profit-sharing plan				
Total	28,552,079.11	868,398,895.78	869,307,614.13	27,643,360.76

(3). Details of defined contribution plans

√ Applicable □ Not applicable

Unit: Yuan

Currency: RMB

Item	Balance at the beginning of the period	Increase of current period	Decrease of current period	Balance at the end of the period
1. Basic pension insurance expenses	6,867,900.63	93,523,799.75	94,444,977.98	5,946,722.40
2. Unemployment insurance expenses	586,259.38	5,602,623.75	5,705,609.60	483,273.53
3. Enterprise annuity payment	2,116,918.13	3,824,791.43	5,635,980.46	305,729.10
Total	9,571,078.14	102,951,214.93	105,786,568.04	6,735,725.03

24. Taxes and surcharges payable

Unit: Yuan

Currency: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Value-added tax	22,333,387.77	-17,142,523.44
Business tax	14,099,639.22	15,699,075.45
Enterprise income tax	37,634,144.23	51,069,055.96
Individual income tax	7,946,827.71	2,869,735.48
Urban maintenance and construction tax	2,270,887.37	5,266,363.74
Property tax	2,975,105.03	
Increment tax on land value	461,969.59	
Educational surtax	1,911,859.94	4,081,526.95
Others	153,630.39	416,510.78
Total	89,787,451.25	62,259,744.92

25. Interest payable

√ Applicable □ Not applicable

Unit: Yuan

Currency: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Installments of long-term interest-bearing borrowing interest and principal at maturity	2,106,557.48	135,181.16
Corporate bond interest	13,750,000.00	13,687,367.82
Interest on short-term borrowings	5,046,928.07	5,182,633.22

Item	Balance at the end of the period	Balance at the beginning of the period
payable		
Total	20,903,485.55	19,005,182.20

26. Dividends payable

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Ordinary share dividends	17,446,367.21	37,187,080.46
Dividends on preferred stock classified as equity instrument \ perpetual debt		
Total	17,446,367.21	37,187,080.46

27. Other payables**(1). Other payables listed by nature of payment**

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Unit Payables	107,544,679.18	69,882,177.19
Personal Payables	6,447,299.96	5,648,442.58
Stock Right Acquisition Payables	88,239,086.97	176,478,173.94
Others	39,715,069.82	33,195,447.92
Total	241,946,135.93	285,204,241.63

(2). Other important payables over one year

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Balance at the end of the period	Reasons of un-payment or carrying forward
Zhou Hao	34,291,475.59	Do not meeting the terms of payment
Chen Yong	30,598,661.84	Do not meeting the terms of payment
Haitong Kaiyuan Investment Limited	8,823,908.11	Do not meeting the terms of payment
Zhejiang Hongfan Venture Capital Co., Ltd.	5,133,823.74	Do not meeting the terms of payment
Guangzhou Shibao Investment Partnership	3,692,806.30	Do not meeting the terms of payment
Total	82,540,675.58	/

28. Non-current liabilities maturing within one year

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Long-term borrowings maturing within one year	570,000,000.00	
Bonds payable maturing within one year		
Long-term payables maturing within one year		
Total	570,000,000.00	

29. Long-term borrowings

√ Applicable □ Not applicable

Unit: Yuan

Currency: RMB

Item	Balance at the end of the period	Balance at the beginning of the period	Annual interest rate interval (%)
Pawn borrowings			
Mortgage borrowings			
Guaranteed borrowings			
Credit borrowings	657,503,175.48	1,384,596,268.44	5.9-6.5
Total	657,503,175.48	1,384,596,268.44	

30. Bonds payable

√ Applicable □ Not applicable

(1). Details of bonds payable

Unit: Yuan

Currency: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Guaranteed bonds	994,883,934.85	988,062,220.35
Total	994,883,934.85	988,062,220.35

(2). **Changes in bonds payable**
☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Bonds name	Face value	Issuing date	Bonds period	Amount issued	Balance at the beginning of the period	Issued in current period	Provision for interest at face value	Interest adjustment	Foreign currency exchange rate translation differences	Repayment in current period	Balance at the end of the period
Guaranteed bonds	1,000,000,000.00	2014/9/29	3 years	1,000,000,000.00	988,062,220.35		55,000,000.00	2,266,647.00	4,555,067.51	55,000,000.00	994,883,934.85
Total	/	/	/	1,000,000,000.00	988,062,220.35		55,000,000.00	2,266,647.00	4,555,067.51	55,000,000.00	994,883,934.85

31. Long-term payables

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Balance at the beginning of the period	Balance at the end of the period
Research Institute of Telecommunications Technology	1,429,000,000.00	879,000,000.00
NXP Co., Ltd.	63,111,488.00	74,875,046.60
DATANG Telecom Technology Industry Holdings Co., Ltd.	88,000,000.00	88,000,000.00
Total	1,580,111,488.00	1,041,875,046.60

32. Special payables

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Balance at the beginning of the period	Increase of current period	Decrease of current period	Balance at the end of the period	Reasons
State-owned Capital Funds Project	68,300,000.00		5,210,000.00	63,090,000.00	
Total	68,300,000.00		5,210,000.00	63,090,000.00	/

Notes: These special payables for Telecommunications Research Institute of Science and Technology of the Ministry of Finance allocated was used for the 2013 state capital budget information security-related capacity building special funds for capital projects, and the RMB 5.21 million reduced in the current year is the amount affected by the disposal of the subsidiary-Beijing Datang Smart Card Technology Co., Ltd..

33. Deferred income

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Balance at the beginning of the period	Increase of current period	Decrease of current period	Balance at the end of the period	Reasons
Government subsidy	222,023,476.41	255,035,105.61	272,035,504.27	205,023,077.75	
Total	222,023,476.41	255,035,105.61	272,035,504.27	205,023,077.75	/

Items involving the government subsidy:

					Unit: Yuan	Currency: RMB
Item	Balance at the beginning of the period	Increase in subsidy in the current period	Amount included in non-operating income in the current period	Other changes	Balance at the end of the period	Related to assets / income
General Armament Department - Civil RNSS RF baseband integrated chip integration		1,250,000.00	437,500.00		812,500.00	Related to assets
Special key technology research and equipment development for basic mobile communication network service	1,795,302.40	841,080.00	859,925.72		1,776,456.68	Related to assets and income
Zhongguancun Science and Technology Commission credit report subsidies	5,000.00		5,000.00			Related to income
Demonstration of development and application of smart healthy production and cloud service system for greenhouse agricultural products	2,000,000.00		1,003,125.00		996,875.00	Related to assets and income
Consistency testing system required for compatibility with TD-SCDMA high-performance chip and mobile phone	30,256,433.44		22,251,964.93		8,004,468.51	Related to assets / income
Program development in respect of high-speed, low-power consumption intelligent terminal machine in support of TD-LTE standard	370,749.63		256,792.03		113,957.60	Related to assets / income
Development and industrialization of SOC baseband chip and intelligent terminal solution in support of the OMS platform	128,863.77		26,454.67		102,409.10	Related to assets / income
Development and industrialization of TD-SCDMA/GSM dual-mode terminal product in support of HSUPA	145,871.03		59,375.86		86,495.17	Related to assets / income

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Item	Balance at the beginning of the period	Increase in subsidy in the current period	Amount included in non-operating income in the current period	Other changes	Balance at the end of the period	Related to assets / income
Development of solution for intelligent terminal supporting FDD-LTE/TDD-LTE	960,000.00		350,355.39		609,644.61	Related to assets / income
Key IP development applied to TD-SCDMA baseband chip	4,181,692.70		2,990,226.20		1,191,466.50	Related to assets / income
R&D and industrialization of mobile POS machine smart chip and system		4,410,000.00			4,410,000.00	Related to assets
Mobile broadband router research and development platform capacity building	457,225.78		385,463.72		71,762.06	Related to assets / income
Xuhui District social security probation subsidies		8,586.00	8,586.00			Related to income
Interest subsidies by Xuhui Finance Bureau		500,000.00	500,000.00			Related to income
Interactive new media service platform		9,000,000.00	9,000,000.00			Related to income
Southwest Economic Development Administration Committee 2012-2013 business support fund		1,335,800.00	1,335,800.00			Related to income
Internet of things-dedicated LTE chip and machinery SIM authentication system and product research and development		7,597,700.00			7,597,700.00	Related to assets
Communications + broadcasting radio chip application prototype development	344,060.75		93,892.08		250,168.67	Related to assets / income
Dual mode mobile terminal solution	139,297.12		53,024.32		86,272.80	Related to assets / income
Development and industrialization of digital television ground gb terminal receiving core chip	33,000,000.00				33,000,000.00	Related to income

Item	Balance at the beginning of the period	Increase in subsidy in the current period	Amount included in non-operating income in the current period	Other changes	Balance at the end of the period	Related to assets / income
Mobile TV core chip and solution development - 08IC	2,473,895.62				2,473,895.62	Related to assets / income
Municipal financial subsidies for patent		491,294.30	491,294.30			Related to income
Municipal financial allocation of patent subsidy payments		25,220.00	25,220.00			Related to income
R&D and industrialization of TD-SCDMA module embedded in portable notebook	3,113,594.29		796,425.78		2,317,168.51	Related to assets / income
Construction of new capacity for integration of informatization and industrialization of enterprises	100,000.00				100,000.00	Related to assets / income
Government subsidies from the finance bureau of Pukou District, Nanjing to support the industry and information industry		1,000,000.00	1,000,000.00			Related to income
Research and development of multi-application security chip for livelihood projects	10,771,538.31		2,730,535.94		8,041,002.37	Related to assets / income
Beijing Xiaobangshou Beidou electronic server for caring for the elderly		15,100,000.00	6,040,000.00		9,060,000.00	Related to income
Research and development of radio frequency chip, device and module for IMT-Advanced and other broadband wireless communication systems	104,493.39		83,999.95		20,493.44	Related to assets / income
Subsidies for technical innovation	582,001.22		75,927.66		506,073.56	Related to assets
Solution for LTE-A intelligent terminal chip integrating of key domestic peripheral devices		4,240,000.00	401,198.74		3,838,801.26	Related to assets
Special subsidies for integrated circuit	1,050,000.00		900,000.00		150,000.00	Related to income

Item	Balance at the beginning of the period	Increase in subsidy in the current period	Amount included in non-operating income in the current period	Other changes	Balance at the end of the period	Related to assets / income
R&D and industrialization of special high-performance security chip based on the independent password technology	326,250.00				326,250.00	Related to assets / income
R&D and industrialization of universal mobile intelligent terminal based on own core chip and software	67,663.81		67,663.81			Related to assets / income
Research and development of vehicle intelligent communication system based on the collaborative gateway of internet of things	400,000.00		400,000.00			Related to assets / income
Solution for the security terminal based on the Trusted Execution Environment (TEE) Technology	720,000.00		246,997.00		473,003.00	Related to assets / income
TD-SCDMA-based business application development	59,377.96		13,435.73		45,942.23	Related to assets / income
Subsidies for the R&D and industrialization of fingerprint financial IC card and the plan in support of industrialization of science and technology		1,616,752.26			1,616,752.26	Related to income
Design and industrialization of mobile terminal chip based on domestic advanced technology platform	48,445,893.49		17,647,871.33	10,051,900.00	20,746,122.16	Related to assets / income
Development and industrialization of intelligent terminal chip and key IP based on the domestic advanced technology	4,171,761.97	9,111,000.00	2,639,251.73		10,643,510.24	Related to assets / income
R&D and industrialization of TD-LTE multimode smartphone	215,533.99		215,533.99			Related to assets / income

Item	Balance at the beginning of the period	Increase in subsidy in the current period	Amount included in non-operating income in the current period	Other changes	Balance at the end of the period	Related to assets / income
based on safe and reliable core chip						
Web-based wireless ubiquitous business	1,026,400.00				1,026,400.00	Related to income
R&D and industrialization of mobile IPv6 multimedia terminal solution based on TD-SCDMA	185,193.41		94,942.88		90,250.53	Related to assets / income
Industrialization of wearable health terminal and services based on TD-LTE		8,000,000.00	8,000,000.00			Related to income
R&D of M2M module and application of internet of things based on 4g mobile broadband technology	371,874.85		76,041.52		295,833.33	Related to assets / income
National Engineering Laboratory	1,042,402.85		746,105.40		296,297.45	Related to assets / income
Special funds for industrial development		1,260,000.00	1,260,000.00			Related to income
High performance biface financial IC card chip development	446,256.39		230,769.23		215,487.16	Related to assets / income
High performance biface financial IC card chip		15,000,000.00	14,210,266.79		789,733.21	Related to assets / income
Research and development of high-security and multi-application core payment chip	3,324,725.69		1,152,149.50		2,172,576.19	Related to assets / income
Network control platform and key technology for multi-terminal collaboration at ubiquitous network	700,136.00		700,136.00			Related to assets / income
Application and industrialization of multidimensional advanced high-density packaging technology in mobile terminals	6,119,360.83	3,454,500.00	4,305,194.62		5,268,666.21	Related to assets / income

Item	Balance at the beginning of the period	Increase in subsidy in the current period	Amount included in non-operating income in the current period	Other changes	Balance at the end of the period	Related to assets / income
core chips and ancillary chips						
Multi-antenna radio channel simulator research and development	791,690.00		238,611.16		553,078.84	Related to assets / income
Design of chip dedicated to power management	172,559.07		55,972.53		116,586.54	Related to assets / income
2014 subsidies for Research Institute of Telecommunications Technology		600,000.00	600,000.00			Related to income
Special subsidies for industrial support		2,755,102.80	2,755,102.80			Related to income
Beijing Municipal Science & Technology Commission project - Zhongguancun virtual technology park and creative technology incubation platform	450,000.00		450,000.00			Related to income
Beijing Municipal Science & Technology Commission project - research and development of industry application terminal integrating BeiDou and TD-LTE	1,123,315.20		1,123,315.20			Related to income
TD-SCDMA terminal solution development and industrialization	2,566,377.85		1,152,481.98		1,413,895.87	Related to assets / income
Development and industrialization of TD-SCDMA strengthened data terminal products	2,534,838.27		475,187.58		2,059,650.69	Related to assets / income
TD-SCDMA strengthened technology terminal core chip optimization and data card development	469,971.51		137,252.56		332,718.95	Related to assets / income
TD-SCDMA strengthened technology terminal core chip, solution development and industrialization	1,415,850.35		722,181.15		693,669.20	Related to assets / income

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Item	Balance at the beginning of the period	Increase in subsidy in the current period	Amount included in non-operating income in the current period	Other changes	Balance at the end of the period	Related to assets / income
TD-SCDMA strengthened technology road tester R&D and industrialization	849,899.73		233,864.46		616,035.27	Related to assets / income
TD-SCDMA data fusion product development and industrialization	3,307,291.45		459,078.95		2,848,212.50	Related to assets / income
TD-SCDMA Multimedia Broadcast Multicast Service (MBMS) terminal solution development	92,230.90		50,109.43		42,121.47	Related to assets / income
TD-SCDMA Multimedia Broadcast Multicast Service (MBMS) terminal solution and design development	1,164,943.93		591,111.47		573,832.46	Related to assets / income
TD-SCDMA HSPA + terminal baseband chip research and development	3,781,422.36		1,431,430.94		2,349,991.42	Related to assets / income
R&D and industrialization of TD-SCDMA/DPA/HSUPA multi-mode terminal baseband chip	1,984,289.84		724,266.37		1,260,023.47	Related to assets / income
TD-LTE terminal baseband chip research and development	26,254,808.87		8,792,178.57		17,462,630.30	Related to assets / income
TD-LTE terminal GCF test collection validation	233,627.60		40,598.29		193,029.31	Related to assets / income
TD-LTE data card terminal research and development	1,707,820.15		1,040,783.61		667,036.54	Related to assets / income
TD-LTE radio frequency conformance test system	164,596.23		25,305.42		139,290.81	Related to assets / income
R&D of TD-LTE/TD-SCDMA dual mode terminal baseband chip for business purpose		51,520,000.00	47,489,707.99		4,030,292.01	Related to assets / income
TD-LTE-Advanced terminal baseband chip engineering	2,532,345.75		2,532,345.75			Related to assets / income

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Item	Balance at the beginning of the period	Increase in subsidy in the current period	Amount included in non-operating income in the current period	Other changes	Balance at the end of the period	Related to assets / income
sample research and development						
TD-LTE-Advanced 16nm baseband terminal chip research and development		20,294,800.00			20,294,800.00	Related to assets
Research and development of TD-LTE / TD-SCDMA dual-mode accelerate core	236,054.64		63,273.38		172,781.26	Related to assets / income
TD-LTE / TD-SCDMA / GSM multi-mode and multi-frequency intelligent terminal single chip research and development	8,753,984.35	3,094,300.00	6,531,858.70		5,316,425.65	Related to assets / income
TD-LTE / LTE FDD / TD-SCDMA / WCDMA/GSM multi-mode and multi-frequency intelligent terminal research and development	203,580.00				203,580.00	Related to assets / income
TD-LTE/FDD-LTE/TD-SCDMA/WCDMA/GSM multi-mode baseband commercial chip research and development		1,000,000.00	1,000,000.00			Related to income
Research and development and industrialization of 4g multimode smartphone safety chip and solution		16,000,000.00	2,991,418.31		13,008,581.69	Related to assets
2015 special implementation plan for integrated circuit design enterprise R&D ability		25,000,000.00	25,000,000.00			Related to income
2015 special implementation plan for integrated circuit design enterprise R&D ability		15,000,000.00	15,000,000.00			Related to income
2015 subsidies for technical innovation		340,000.00	34,000.00		306,000.00	Related to assets
2014 Haidian District major scientific and technological achievement industrialization	1,000,000.00		375,330.35		624,669.65	Related to assets / income

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Item	Balance at the beginning of the period	Increase in subsidy in the current period	Amount included in non-operating income in the current period	Other changes	Balance at the end of the period	Related to assets / income
2014 special funds for first round of pilot production by Shanghai integrated circuit design enterprises		5,000,000.00	5,000,000.00			Related to income
2014 special funds for implementation of standardization	400,000.00		400,000.00			Related to assets / income
2010 Shanghai Xiaojuren	161,127.67	600,000.00	641,419.25		119,708.42	Related to assets / income
"Haiying Talents" project grants	68,000.00		68,000.00			Related to income
Other project funds		29,588,970.25	29,588,970.25			
Total	222,023,476.41	255,035,105.61	261,983,604.27	10,051,900.00	205,023,077.75	/

34 Share capital

Unit: Yuan

Currency: RMB

		Current increase (+) or decrease (-)					Balance at the end of the period
		New shares issued	Share donation	Public reserve transferred to shares	Others	Sub-total	
Total shares	882,108,472.00						882,108,472.00

35 Capital reserve

Unit: Yuan

Currency: RMB

Item	Balance at the beginning of the period	Increase of current period	Decrease of current period	Balance at the end of the period
Capital premium (share premium)	3,544,028,895.80			3,544,028,895.80
Other capital reserves	138,938,795.72	10,930,303.57		149,869,099.29
Total	3,682,967,691.52	10,930,303.57		3,693,897,995.09

Note: The Resolution on the Introduction of Strategic Investor by the Subsidiary Xinhua Ruide was adopted by the 32th resolution of the sixth board of directors on September 29, 2015, to approve the transfer of 44% equities of Xinhua Ruide (Beijing) Network Technology Co., Ltd. through the listing on property exchange, and Xinhua Ruide (Beijing) Network Technology Co., Ltd. introduces the investor through the listing on property exchange for capital increase and holding. After the equity transfer and capital increase, the Company holds 37.23% equities of Xinhua Ruide (Beijing) Network Technology Co., Ltd., and Xinhua Ruide (Beijing) Network Technology Co., Ltd. becomes an associate instead of a subsidiary included in the scope of consolidation. The retroactive adjustment is made to the remaining equities using the equity method, and as for the share of change in owner's equities of Xinhua Ruide due to other cause, the adjustment to the capital reserve totaling RMB 10,930,303.57 is made.

36 Other comprehensive income

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Balance at the beginning of the period	Amount incurred in the current period					Balance at the end of the period
		Before the current income tax	Less: Previously charged to other comprehensive income and currently transferred to profit or loss	Less: Income tax expenses	Attributable to the parent company after tax	Those attributable to minority shareholders after tax	
1. Other comprehensive that cannot be reclassified into profit or loss in the future							
Including: Change brought by recalculation of net liabilities and net assets under the defined benefit plan							
Share of other comprehensive income in the investee that cannot be reclassified into the profit or loss under the equity method							
2. Other comprehensive that will be income reclassified into profit or loss in the future	1,650,181.12	-5,296,719.95			-5,296,719.95		-3,646,538.83
Including: Share of other comprehensive income in the investee that will be reclassified into the profit or loss under the equity method							

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Item	Balance at the beginning of the period	Amount incurred in the current period					Balance at the end of the period
		Before the current income tax	Less: Previously charged to other comprehensive income and currently transferred to profit or loss	Less: Income tax expenses	Attributable to the parent company after tax	Those attributable to minority shareholders after tax	
Gains and losses from changes in fair value of available-for-sale financial assets							
Gains or losses on reclassifying Held-to-maturity investments as available-for-sale financial assets							
Effective portion of gains or losses on cash flow hedging							
Difference arising from translation of financial statements denominated in foreign currency	1,650,181.12	-5,296,719.95			-5,296,719.95		-3,646,538.83
Total other comprehensive income	1,650,181.12	-5,296,719.95			-5,296,719.95		-3,646,538.83

37 Surplus reserves

		Unit: Yuan		Currency: RMB
Item		Increase of current period	Decrease of current period	
Statutory surplus reserves	59,839,287.96	660,783.96		60,500,071.92
Discretionary surplus reserves				
Reserve funds				
Enterprise development funds				
Others				
Total	59,839,287.96	660,783.96		60,500,071.92

Description: Increase of current period totaling RMB 660,783.96 came from the write-up of surplus reserve using the retroactive adjustment under the equity method as to the remaining equities, as Xinhua Ruide (Beijing) Network Technology Co., Ltd. and Beijing Datang Smart Card Technology Co., Ltd. were no longer included in the scope of consolidation after their equities are disposed.

37 Undistributed profits

		Unit: Yuan	Currency: RMB
Item		Current period	Previous period
Undistributed profit at the end of the last period before adjustment		-595,796,939.85	-805,176,713.95
Total adjustment to undistributed profit at the beginning of the period (increase +, decrease -)			
Undistributed profit at the beginning of the year after adjustment		-595,796,939.85	-805,176,713.95
Add: net profit attributable to owners of the parent company for the current period		28,443,877.59	217,042,207.05
Less: Withdrawal of statutory surplus reserves			
Withdrawal of discretionary surplus reserve			
Withdrawal of general risk reserve			
Ordinary share dividends payable			
Ordinary share dividends transferred to share capital			
Others		-5,748,487.30	7,662,432.95
Undistributed profits as at the end of period		-561,604,574.96	-595,796,939.85

Description: Other increase totaling RMB 748,487.30 in the undistributed profits of the current period came from the write-up of undistributed profit using the retroactive adjustment under the equity method as to the remaining equities, as Xinhua Ruide (Beijing) Network Technology Co., Ltd. and Beijing Datang Smart Card Technology Co., Ltd. were no longer included in the scope of consolidation after their equities are disposed.

38 Operating income and operating cost

		Unit: Yuan		Currency: RMB
Item	Amount incurred in the current period		Amount incurred in the previous period	
	Income	Cost	Income	Cost
Principal activity	8,598,129,280.04	7,490,381,709.49	7,977,474,701.39	6,379,371,130.49

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Income	Cost	Income	Cost
Other business	4,459,511.34	3,630,628.56	6,556,328.36	4,918,032.17
Total	8,602,588,791.38	7,494,012,338.05	7,984,031,029.75	6,384,289,162.66

39 Business tax and surcharges

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Business tax	12,493,711.08	18,780,336.91
Urban maintenance and construction tax	7,069,430.52	9,579,742.15
Educational surtax	4,869,281.81	7,642,298.68
River management charges	59,041.25	221,614.20
Price regulation fund	9,164.39	10,022.55
Others	64,031.30	18,123.83
Total	24,564,660.35	36,252,138.32

40 Selling expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee compensation	112,119,439.42	133,369,163.93
Consulting and service charges	83,083,500.42	65,422,687.67
Transportation costs	4,717,900.77	12,676,289.55
Packing expenses	4,447,835.29	2,266,341.11
Sample and product depletion	9,005,253.71	7,069,515.31
Repair charges	117,208.29	2,965,826.93
Depreciation costs	6,979,027.22	4,958,564.28
Exhibition fees	2,251,328.59	2,001,553.01
Advertising expense	64,646,644.84	11,764,747.32
Insurance premium	399,907.37	1,178,175.20
Others	50,853,469.32	70,017,093.32
Total	338,621,515.24	313,689,957.63

41 Administrative expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Research and development expenses	249,575,984.75	288,839,237.14
Employee compensation	203,402,692.22	196,851,716.72
Assets amortization	165,123,433.68	156,915,965.58
Depreciation costs	25,647,942.41	21,409,330.10
Rental fees	12,772,179.63	14,694,574.01
Consulting fees	11,556,227.98	20,196,938.06
Travelling fees	14,652,650.87	13,358,700.57
Entertainment expenses	6,823,139.90	8,428,706.43
Office costs	9,990,136.50	8,884,105.70
Taxes	7,797,588.01	6,947,918.86
Utility bills	3,376,126.37	2,515,578.67
Repair charges	1,885,693.81	2,113,714.91
Insurance premium	2,208,157.22	2,436,232.06
Amortization of low-cost consumables	416,173.28	591,435.48
Others	42,685,316.18	16,633,323.69
Total	757,913,442.81	760,817,477.98

42 Financial expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Interest expenses	391,209,965.45	368,624,765.02
Less: Interest income	50,173,692.58	39,820,831.76
Gains or losses on exchange	16,090,700.31	1,907,900.85
Others	11,168,811.84	8,341,076.78
Total	368,295,785.02	339,052,910.89

Note to others: The interest income on the Financial expenses in the current period amounted to RMB 54,730,436.15, of which RMB 7,235,738.72 represents the interest received by the Company from Datang Telecom (Tianjin) Science and Technology Industrial Park Co., Ltd. on the funds occupied in respect of the delayed delivery of house, and RMB 21,191,884.97 represents the interest received by the Company from Datang Telecom (Tianjin) Science and Technology Industrial Park Co., Ltd. on the funds occupied in respect of the delayed delivery of house.

43 Losses from asset impairment

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
1. Losses from bad debts	211,484,935.74	99,465,871.75
2. Inventory depreciation losses	67,618,001.93	18,799,384.97
3. Losses from impairment of financial assets available for sale		
4. Losses from impairment of held-to-maturity investment		
5. Losses from impairment of held-to-maturity investment		
6. Losses from impairment of investment property		
7. Loss from fixed asset impairment		
8. Losses from impairment of project materials		
9. Losses from impairment of construction in progress		
10. Losses on impairment of productive biological assets		
11. Losses on impairment of oil and gas assets		
12. Losses from impairment of intangible assets		
13. Losses from impairment of goodwill	16,372,045.00	1,000,000.00
14. Others		
Total	295,474,982.67	119,265,256.72

44 Investment income

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Long-term equity investment income calculated under equity method	2,436,491.72	-14,226,078.56
Gains on disposal of long-term equity	302,556,875.57	

Item	Amount incurred in the current period	Amount incurred in the previous period
investment		
Investment income from financial assets measured at fair value through current profit and loss during the holding period		
Investment income on the disposal financial assets measured at fair value through current profit and loss		
Investment income from held-to-maturity investments during the holding period		
Investment income from available-for-sale financial assets	25,622.63	
Gains on disposal of available-for-sale financial assets		
Gains on remeasurement of remaining equities at fair value, after the loss of control	150,511,430.44	29,113,071.55
Others	10,218,280.86	12,533,598.08
Total	465,748,701.22	27,420,591.07

45 Non-operating income

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount counted into the non-recurring gains and losses
Total gains on disposal of non-current assets	25,946,288.77	18,389,059.04	25,946,288.77
Including: Gains on disposal of fixed assets	25,946,288.77	357,631.45	25,946,288.77
Gains on disposal of intangible assets		18,031,427.59	
Gain on debt restructuring			
Gains from exchange of non-monetary assets			
Donation received			
Government grants	267,497,215.61	227,340,165.98	261,983,604.27
Others	5,161,455.51	15,654,625.49	5,161,455.51
Total	298,604,959.89	261,383,850.51	293,091,348.55

Government subsidies directly charged to the current profit and loss

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Related to assets / income
VAT refund	5,513,611.34	13,069,580.20	Related to income
Special implementation plan for integrated circuit design enterprise R&D ability	25,000,000.00	45,000,000.00	Related to income
Integrated circuit design enterprise R&D ability implementation plan	15,000,000.00	25,000,000.00	Related to income

Item	Amount incurred in the current period	Amount incurred in the previous period	Related to assets / income
Research and development of multi-application security chip for livelihood projects	2,730,535.94	24,228,461.69	Related to assets and income
Special subsidies for industrial support	22,755,102.80	22,620,548.00	Related to income
TD-LTE terminal baseband chip research and development	8,792,178.57	8,416,572.88	Related to assets and income
TD-LTE-Advanced terminal baseband chip engineering sample R&D	2,532,345.75	6,275,701.33	Related to assets and income
TD-SCDMA high-performance chip and mobile phone testing system		5,066,643.42	Related to assets and income
2013 first round of pilot production by Shanghai integrated circuit design enterprises	5,000,000.00	5,000,000.00	Related to income
Cloud services platform for digital content of vertical industry and custom terminal industrialization		4,760,000.00	Related to income
Financial IC card R&D and industrialization		4,353,389.02	Related to assets and income
Core control chip design for multi-interface mobile payment		4,283,288.12	Related to assets and income
High performance biface financial IC card chip development	230,769.23	3,151,874.89	Related to assets and income
TD-SCDMA HSPA + terminal baseband chip R&D	1,431,430.94	3,082,914.30	Related to assets and income
R&D and industrialization of smart city infrastructure comprehensive monitoring management software		3,000,000.00	Related to income
Special key technology research and equipment development for mobile communication network	859,925.72	2,915,678.35	Related to assets and income
High-security and multi-application core payment chip R&D	1,152,149.50	2,746,509.81	Related to assets and income

Item	Amount incurred in the current period	Amount incurred in the previous period	Related to assets / income
Chip development for high-performance biface financial 1C card	14,210,266.79	2,000,000.00	Related to assets and income
TD-SCDMA/HSDPA/EDGE multi-mode baseband chip and terminal solution development		1,787,134.21	Related to assets and income
Haige project funding grants		1,700,000.00	Related to income
Key technology research and demonstration for cloud service platform operated digital content institutions by themselves		1,576,558.59	Related to income
Special high-performance security chip development and industrialization		1,474,247.09	Related to income
Ruide Weiba cloud platform construction		1,470,000.00	Related to income
NGN service activation network management system and network elements management system interface requirements/end-to-end cloud computing resources management framework		1,400,000.00	Related to income
TD-LTE/FDD-LTE/TD-SCDMA/WCDMA/GSM multi-mode baseband commercial chip	1,000,000.00	1,394,428.13	Related to assets and income
Bank EMV card R&D and industrialization project (RMB 5,200,000)		1,255,064.65	Related to assets and income
Bank EMV card R&D and industrialization project		1,179,738.66	Related to assets and income
TD-SCDMA terminal solution development and industrialization	1,152,481.98	1,126,041.89	Related to assets and income
Zhongguancun virtual technology park and creative economy incubation platform construction	450,000.00	1,007,071.42	Related to income
Digital content mobile Internet trade service		936,329.76	Related to income

Item	Amount incurred in the current period	Amount incurred in the previous period	Related to assets / income
platform for cultural enterprises			
Municipal financial subsidies for patent	516,514.30	887,322.00	Related to income
R&D and industrialization of TD-SCDMA module embedded in portable notebook	796,425.78	849,985.05	Related to assets and income
Beijing culture innovation and development support funds		840,000.00	Related to income
National Engineering Laboratory	746,105.40	801,700.69	Related to assets and income
Application and industrialization of multidimensional advanced high-density packaging technology in mobile terminals core chips and ancillary chips	4,305,194.62	789,339.17	Related to assets and income
Special subsidies for integrated circuit development		750,000.00	Related to income
Special grants for enterprise cultivation in "Shi Bai Qian project"		750,000.00	Related to income
Special government subsidies by the Ministry of Finance for cultural development		725,646.74	Related to income
Domestic advanced technology platform mobile terminal chip design and industrialization		665,242.17	Related to assets and income
Integration of 3g and internet of things technology innovation and mine safety		650,000.00	Related to income
TD-SCDMA data fusion product development and industrialization		625,000.08	Related to assets and income
TD-LTE / TD-SCDMA / GSM multi-mode and multi-frequency intelligent terminal single chip research and development	6,531,858.70	621,815.65	Related to assets and income
Key IP development applied to TD-SCDMA baseband	2,990,226.20	611,562.51	Related to assets and income

Item	Amount incurred in the current period	Amount incurred in the previous period	Related to assets / income
chip			
TD-LTE data card terminal R&D	1,040,783.61	591,674.25	Related to assets and income
TD-SCDMA Multimedia Broadcast Multicast Service (MBMS) terminal solution and design development	591,111.47	586,080.28	Related to assets and income
Internet-based public opinion information monitoring service system		577,518.75	Related to income
TD-SCDMA/DPA/HS UPA multi-mode terminal baseband chip	724,266.37	552,479.91	Related to assets and income
SMIC - 55 nm-based embedded eFlash process safety analog IP		500,000.01	Related to assets and income
National key new product plan project - financial function social security card chip DMT - CTSB32A4		500,000.00	Related to income
R&D and industrialization of financial IC card chip		496,130.28	Related to assets and income
Core chip and solution development for Mobile TV		494,779.12	Related to assets and income
Td-scdma series enhanced data terminal products	475,187.58	475,187.59	Related to assets and income
Development and industrialization of intelligent terminal chip and key IP based on the domestic advanced technology		383,738.03	Related to assets and income
Design of chip dedicated to power management	55,972.53	370,228.08	Related to assets and income
Zhongguancun science park - service system construction innovation entrepreneurship service carrier funds	450,000.00	300,000.00	Related to income
Program development in respect of high-speed, low-power consumption intelligent terminal machine in support of TD-LTE standard	256,792.03	282,121.34	Related to assets and income

Item	Amount incurred in the current period	Amount incurred in the previous period	Related to assets / income
TD-SCDMA strengthened technology road tester R&D and industrialization	233,864.46	210,956.21	Related to assets and income
TD-LTE radio frequency conformance test system	25,305.42	128,804.30	Related to assets and income
Mobile internet interactive platform and customized terminal industrialization for Taiwan and Mainland entertainment culture markets		104,611.05	Related to income
M2M module R&D and application of internet of things	76,041.52	87,500.04	Related to assets and income
Demonstration of development and application of smart healthy production and cloud service system for greenhouse agricultural products	1,003,125.00		Related to assets
Consistency testing system required for compatibility with TD-SCDMA high-performance chip and mobile phone	22,251,964.93		Related to assets and income
Interest subsidies by Xuhui Finance Bureau	500,000.00		Related to income
Interactive new media service platform	9,000,000.00		Related to income
2012-2013 enterprise support funds from Southwest airport economic development zone management committee	1,335,800.00		Related to income
Receipt of special subsidies for integrated circuit development	900,000.00		Related to income
Financial subsidies received	510,000.00		Related to income
Special subsidies for brand	500,000.00		Related to income
R&D of TD-LTE/TD-SCDMA dual mode terminal baseband chip for business purpose	47,489,707.99		Related to assets and income
Research and development and	2,991,418.31		Related to assets

Item	Amount incurred in the current period	Amount incurred in the previous period	Related to assets / income
industrialization of 4g multimode smartphone safety chip and solution			
Government subsidies from the finance bureau of Pukou District, Nanjing to support the industry and information industry	1,150,000.00		Related to income
Beijing Xiaobangshou Beidou electronic server for caring for the elderly	6,040,000.00		Related to income
Funds for resource allocation by the science and technology department and company management	700,000.00		Related to income
Design and industrialization of mobile terminal chip based on domestic advanced technology platform	17,647,871.33		Related to assets and income
Development and industrialization of intelligent terminal chip and key IP based on the domestic advanced technology	2,639,251.73		Related to assets and income
industrialization of time and frequency synchronization integration equipment based on Beidou second generation satellite	597,500.00		Related to income
Industrialization of wearable health terminal and services based on TD-LTE	8,000,000.00		Related to assets
Special funds for industrial development	1,260,000.00		Related to income
Network control platform and key technology for generic collaboration at multiple network terminals	700,136.00		Related to income
Interest subsidies for Research Institute of Telecommunications Technology	600,000.00		Related to income
Beijing science and technology	1,123,315.20		Related to income

Item	Amount incurred in the current period	Amount incurred in the previous period	Related to assets / income
commission project - R&D of industrial application terminal integrating Beidou and TD - LTE			
Government subsidies for state-owned culture in Beijing	850,000.00		Related to income
TD-SCDMA strengthened technology terminal core chip, solution development and industrialization	722,181.15		Related to assets and income
Others	11,358,495.42	9,852,966.27	
Total	267,497,215.61	227,340,165.98	/

46 Non-operating expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount charged to the current non-recurring gains and losses
Total losses on disposal of non-current assets	2,085,038.17	1,876,158.11	2,085,038.17
Including: losses on disposal of fixed assets	2,085,038.17	1,876,158.11	2,085,038.17
Loss on disposal of intangible assets			
Loss on debt restructuring			
Loss on exchange of non-monetary assets			
Donation made	150,000.00	150,000.00	150,000.00
Others	930,047.32	109,413.83	930,047.32
Total	3,165,085.49	2,135,571.94	3,165,085.49

47 Income tax expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Current income tax expense	64,995,210.86	79,677,954.89
Adjustment to deferred income tax	-25,079,173.21	-10,020,278.38
Total	39,916,037.65	69,657,676.51

48 Cash flow statement items**(1) Receipt of other cash related to operating activities**

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Government grants	260,548,716.95	192,777,895.85
Interest income	21,746,068.89	17,168,855.09
Net performance bond deposit and L/G deposit recovered		
Others	328,224,515.03	105,300,548.16

Total	610,519,300.87	315,247,299.10
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(2) Payment of other cash related to operating activities

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Net performance bond deposit and L/G deposit paid	39,195,868.94	18,308,586.37
selling and distribution expenses	211,400,031.88	174,470,538.38
Administrative expenses	266,197,611.52	288,844,008.65
Current account	105,745,939.84	70,275,263.97
Others	14,613,432.29	7,303,655.13
Total	637,152,884.47	559,202,052.50

(3) Receipt of other cash related to investing activities

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Recovery on wealth management products coming due		125,000,000.00
Capital cost on delayed delivery of real estate	7,235,738.72	22,651,976.67
Total	7,235,738.72	147,651,976.67

(4) Payment of other cash related to financing activities

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Wealth management products purchased		175,000,000.00
Net cash on disposal of subsidiaries	23,413,356.78	10,913.42
Total	23,413,356.78	175,010,913.42

(5) Receipt of other cash related to financing activities

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
State-owned capital allocated by the group		68,300,000.00
Net deposit recovered	36,533,984.34	
Borrowing under the financing lease	20,000,000.00	
Total	56,533,984.34	68,300,000.00

(6) Payment of other cash related to financing activities

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
New issuance fees and information disclosure fees paid		2,671,826.04
Net deposit paid		80,565,265.11
Discount of handling charges	167,063.25	641,666.64
Fees incurred on debt issuance and underwriting		8,081,269.56
Total	167,063.25	91,960,027.35

49 Supplementary information of the statement of cash flows

(1) Supplementary information of the statement of cash flows

	Unit: Yuan	Currency: RMB
Supplementary information	Amount in 2015	Amount in 2014
1. Net profit adjusted to cash flows from operating activities:		
Net profit	44,978,605.21	247,675,318.68
Add: Provision for asset impairment	295,474,982.67	119,265,256.72
Depreciation of fixed assets	85,521,452.73	83,038,184.62
Amortization of intangible assets	389,023,450.88	364,218,068.11
Amortization of long-term deferred expenses	11,316,866.65	9,648,372.17
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	-23,861,250.60	-16,512,900.93
Losses on write-off of fixed assets ("-" for gains)		
Losses from changes in fair value ("-" for gains)		
Financial expenses ("-" for gains)	362,782,341.76	368,624,765.02
Investment losses ("-" for gains)	-465,748,701.22	-27,420,591.07
Decreases in deferred income tax assets ("-" for increases)	-24,156,957.44	-7,369,438.10
Increases in deferred income tax liabilities ("-" for decreases)	-922,215.77	-2,650,840.28
Decreases in inventories ("-" for increases)	-202,073,951.77	-381,671,849.54
Decreases in operating receivables ("-" for increases)	644,978,733.16	-505,720,743.45
Increases in operating payables ("-" for decreases)	-213,743,781.70	-838,174,106.42
Others		
Net cash flows from operating activities	903,569,574.56	-587,050,504.47
2. Significant investing and financing activities not involving cash receipts and payments:		
Conversion of debt into capital		
Convertible bonds maturing within one year		
Fixed assets acquired under financial lease		
3. Net changes in cash and cash equivalents		
	1,096,879,048.58	1,588,853,839.52
Less:	1,588,853,839.52	1,212,749,693.67
Add: Balance of cash equivalents at the end of the period		
Less: Balance of cash equivalents at the beginning of the period		10,999,022.17
Net increase in cash and cash equivalents	-491,974,790.94	365,105,123.68

(2) Net cash received on disposal of subsidiaries in the current period

√ Applicable □ Not applicable

	Unit: Yuan	Currency: RMB
	Amount	
Cash and cash equivalents received on the disposal of subsidiaries in the current period		316,000,000.00
Including: Beijing Datang Smart Card Technology Co., Ltd.		96,000,000.00
Xinhua Ruide (Beijing) Network Technology Co., Ltd.		220,000,000.00

	Amount
Less: Cash and cash equivalents held by the subsidiary on the date of loss of control	39,718,723.93
Including: Beijing Datang Smart Card Technology Co., Ltd.	31,093,713.02
Xinhua Ruide (Beijing) Network Technology Co., Ltd.	8,625,010.91
Add: Cash and cash equivalents received on the disposal of subsidiaries in the previous period	
Net cash received on disposal of subsidiaries	276,281,276.07

(3) Breakdowns of cash and cash equivalents

	Unit: Yuan	Currency: RMB
Item	Balance at the end of the period	Balance at the beginning of the period
1. Cash	1,096,879,048.58	1,588,853,839.52
Including: Cash on hand	224,377.31	164,492.76
Unrestricted bank deposit	1,077,686,045.16	1,497,917,807.83
Other unrestricted monetary funds	18,968,626.11	90,771,538.93
Deposits with central bank available for payments		
Deposits with banks and other financial institutions		
Loans from banks and other financial institutions		
2. Cash equivalents		
Including: bond investments maturing within three months		
3. Ending balance of cash and cash equivalents	1,096,879,048.58	1,588,853,839.52
Including: Cash and cash restricted for use by the parent company or subsidiaries within the group.		

50 Asset restricted for use or ownership

√ Applicable □ Not applicable

	Unit: Yuan	Currency: RMB
Item	Book value at the end of period	
cash and cash equivalents		213,327,636.91
Notes receivable		66,676,285.00
Total		280,003,921.91

51 Monetary items denominated in foreign currency

√ Applicable □ Not applicable

(1). Monetary items denominated in foreign currency

Monetary items denominated in foreign currency			
		Unit: Yuan	Currency: RMB
Item	Ending balance of foreign currency at the end of period	Conversion rate	Ending balance of conversion into RMB
Cash and cash equivalents			81,379,361.22
Including: USD	11,822,593.00	6.4936	76,771,182.07
HKD	5,357,442.39	0.8378	4,488,454.73
JPY	61,875.55	0.0539	3,335.09
Euros	7,079.86	7.0952	50,233.02

Item	Ending balance of foreign currency at the end of period	Conversion rate	Ending balance of conversion into RMB
NTD	336,118.83	0.1968	66,156.31
Accounts receivable			286,639,639.82
Including: USD	44,100,385.13	6.4936	286,370,260.89
Euros	7,950.83	7.0952	56,412.73
HKD	201,939.53	0.8378	169,184.94
NTD	74,986.00	0.1968	14,772.24
RUB	328,156.28	0.0884	29,009.02
Accounts payable			257,377,854.73
Including: USD	39,564,596.95	6.4936	256,916,666.73
Euros	65,000.00	7.0952	461,188.00
Other receivable			74,214,410.51
Including: USD	11,420,831.62	6.4936	74,162,312.21
Euros	4,355.18	7.0952	30,900.87
HKD	25,140.70	0.8378	21,062.88
NTD	683.00	0.1968	134.55
Other payables			190,511.93
Including: USD	29,338.41	6.4936	190,511.93
Short-term borrowings			482,980,586.12
Including: USD	74,377,939.22	6.4936	482,980,586.12

(2). Offshore business entities

√ Applicable □ Not applicable

2. Offshore business entity

Important offshore business entity	Offshore principal place of business	Functional currency	Basis
Datang Telecom (H.K.) Limited	Hong Kong	USD	Main transaction currency

VI Changes in the consolidation scope

1 Disposal of investment in subsidiary with loss of control on a lump-sum basis

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Subsidiary name	Equity disposal consideration	Proportion of equities disposed	Equity disposal method	Time point for loss of control	Basis for determination of time point for loss of control	Difference between the disposal consideration and the net assets of the subsidiary corresponding to the disposal of investment at the consolidated financial statement level	Proportion of remaining equity on the date of loss of control	Book value of remaining equity on the date of loss of control	Fair value of remaining equity on the date of loss of control	Gains or losses on remeasurement of the remaining equity at fair value	Determination of and major assumption for the fair value of the remaining equity on the date of loss of control	Amount of other comprehensive income transferred to the gain or loss on investment, related to the investment in equity of the original subsidiary
Xinhua Ruide (Beijing) Network Technology Co., Ltd.	220,000,000.00	60.56	Transfer, dilution by capital increase by minority shareholder	December 12., 2015	Receipt of equity consideration and change in the registration with administration for industry and commerce	253,787,788.40	37.23	132,896,459.22	271,820,065.34	138,923,606.12	Assessed price	
Beijing Datang Smart Card Technology Co., Ltd.	96,000,000.00	60	Transfer	December 31, 2015	Receipt of equity consideration and change in the registration with administration for industry and commerce	34,105,225.14	40	49,674,018.30	61,261,842.62	11,587,824.32	Assessed price.	
365IME(Beijing) Network Technology Co., Ltd.	20,866,208.00	51	Transfer	August 31, 2015	Change in the board of directors and change in the registration with administration for industry and commerce	14,663,862.03					Assessed price.	

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The Resolution on the Introduction of Strategic Investor by the Subsidiary Xinhua Ruide was adopted by the 32th resolution of the sixth board of directors on September 29, 2015, to approve the transfer of 44% equities of Xinhua Ruide (Beijing) Network Technology Co., Ltd. through the listing on property exchange, and Xinhua Ruide (Beijing) Network Technology Co., Ltd. introduced the investor through the listing on property exchange for capital increase of RMB223,670,000. After the implementation, the Company holds 37.23% equities of Xinhua Ruide (Beijing) Network Technology Co., Ltd. and Xinhua Ruide (Beijing) Network Technology Co., Ltd. was no longer included in the scope of consolidated financial statements. The Resolution on Transfer of Some Equities of Datang Smart Card was adopted at the 31th meeting of the sixth board of directors of the Company on August 22, 2015, to approve the transfer 60% equities of Beijing Datang Smart Card Technology Co., Ltd. through listing on the equity exchange. After the implementation, the Company holds 40.00% equities of Beijing Datang Smart Card Technology Co., Ltd. and Beijing Datang Smart Card Technology Co., Ltd. is no longer included in the scope of consolidated statements.

On June 17, 2015, the Resolution on Introduction of Strategic Investors by 365IME (Beijing) Network Co., Ltd. at the 29th meeting of the sixth Board of Directors, to approve the introduction of external strategic investor by the subsidiary held by the Company. After the capital increase, the Company holds 30.09% equities of 365IME(Beijing) Network Co., Ltd. and 365IME (Beijing) Network Co., Ltd. is no longer included in the scope of consolidated financial statements.

2 Changes in scope of consolidation for other causes

There was no other cause for change in the scope of consolidation in the current period.

VII Interests in other entities

1 Interest in the subsidiaries

√ Applicable □ Not applicable

(1) Group constitution

Subsidiary name	Principal place of business	Registration place	Business nature	Shareholding ratio (%)		Acquisition mode
				Direct	Indirect	
Xi'an Datang Telecom Technology Co., Ltd.	Xi'an	Xi'an	Communications	99.2	0.34	Establishment of investment
Datang Microelectronics Technology Co., Ltd.	Beijing	Beijing	IC products, smart card system and software ,etc.		95	Establishment of investment
Datang Software Technologies Co., Ltd.	Beijing	Beijing	Software	92.1626		Establishment of investment
Datang Telecom (H.K.) Limited	Hong Kong	Hong Kong	Research, development, production, and sales of e-commerce platform	100		Establishment of investment
Datang Telecom (Tianjin) Technical Service Co., Ltd.	Xi'an	Tianjin	Exchanger	100		Establishment of investment
DATANG Terminal Equipment Co., Ltd.	Beijing	Tianjin	Electronic and communication	100		Establishment of investment

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Subsidiary name	Principal place of business	Registration place	Business nature	Shareholding ratio (%)		Acquisition mode
				Direct	Indirect	
			equipment			
Datang Telecom (Chengdu) Information Technology Co., Ltd.	Chengdu	Chengdu	Electronics	80		Establishment of investment
Datang Telecom (Nanjing) Energy-saving & Information Technology Co., Ltd.	Nanjing	Nanjing	Information	100		Establishment of investment
Datang Innohub Investment (Beijing) Co., Ltd.	Beijing	Beijing	Information	100		Establishment of investment
Beijing Datang Zhicheng Software Technology Co., Ltd.	Beijing	Beijing	Software		100	Establishment of investment
Datang Semiconductor Design Co., Ltd.	Beijing	Beijing	Electronic parts and components	100		Establishment of investment
Datang NXP Semiconductors Co. Ltd.	Nantong	Nantong	Communication equipment	51		Establishment of investment
Datang Terminal Technology Co., Ltd.	Beijing	Tianjin	Electronics and communications equipment, integrated circuits, chip, etc.		100	Establishment of investment
Wuxi Yaowan Entertainment Network Technology Co., Ltd.	Wuxi	Wuxi	Software		100	Establishment of investment
Shanghai YaoYu Entertainment Network Technology Co., Ltd.	Shanghai	Shanghai	Software		100	Establishment of investment
Leadcore Technology Co., Ltd.	Shanghai	Shanghai	Electronic parts and components		100	Business combination under common control:
Leadcore Technology (Hong Kong) Co., Ltd.	Hong Kong	Hong Kong	Manufacture and sales of chips		100	Business combination under common control
Qidong Uniscope Electronics Co., Ltd.	Qidong	Qidong	Electronic Communications		100	Combination of enterprises not under common control
Jiangsu I-front Science & Technology Co., Ltd.	Nanjing	Nanjing	Electronic Communications	41		Combination of enterprises not under

Subsidiary name	Principal place of business	Registration place	Business nature	Shareholding ratio (%)		Acquisition mode
				Direct	Indirect	
						common control and
Jiangsu Datang Smart Pipe Network Technology Co., Ltd.	Nanjing	Nanjing	Electronic Communications		100	Combination of enterprises not under common control
Shanghai Uniscope Communication Technologies Co., Ltd.	Shanghai	Shanghai	Communication equipment		100	Combination of enterprises not under common control
Shanghai Puge Electronics Co., Ltd.	Shanghai	Shanghai	Electronics		100	Combination of enterprises not under common control
Shanghai Jingyou Communication Technology Co., Ltd.	Shanghai	Shanghai	Communications technology		100	Combination of enterprises not under common control
Shenzhen Uniscope Weiye Communication Technology Co., Ltd.	Shenzhen	Shenzhen	Electronics		100	Combination of enterprises not under common control
Shengyao Wireless Communication Technology (Beijing) Co., Ltd.	Beijing	Beijing	Mobile terminal		100	Combination of enterprises not under common control
Guangzhou Yaowan Entertainment Network Technology Co., Ltd.	Guangzhou	Guangzhou	Information and network technology	100		Combination of enterprises not under common control
Shanghai Yaowan Network Technology Co., Ltd.	Shanghai	Shanghai	Software		100	Combination of enterprises not under common control
Zhuhai Yaowan Recreation Network Technology Co., Ltd.	Zhuhai	Zhuhai	Software		100	Combination of enterprises not under common control
Hongkong Yaowan Recreation Network Technology Co., Ltd.	Hong Kong	Hong Kong	Software		100	Combination of enterprises not under common control and
Datang Telecom (Hong Kong) Holding Co., Ltd.	Hong Kong	British Virgin Islands	Research, development, production, and sales of		100	Establishment of investment

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Subsidiary name	Principal place of business	Registration place	Business nature	Shareholding ratio (%)		Acquisition mode
				Direct	Indirect	
			e-commerce platform			

Basis for half or less than half of voting rights with control over the investee and for half or more than half of voting rights without control over the investee:

The Company is the biggest shareholder of Jiangsu I-front Science & Technology Co., Ltd. with 41% equities therein and more than half of voting right in the board of directors. Both of Jiangsu I-front Science & Technology Co., Ltd. and its wholly-owned subsidiary Jiangsu Datang Smart Pipenetwork Technology Co., Ltd. are included in the scope of consolidated financial statements in the current year.

Jiangsu I-front Information Science & Technology Co., Ltd. was renamed Datang Smart Pipenetwork Technology Co., Ltd. as registered with the administration for industry and commerce on December 7, 2015.

Datang Telecom (Tianjin) Communication Terminals Manufacturing Co., Ltd. was renamed DATANG Terminal Equipment Co., Ltd. as registered with the administration for industry and commerce on March 16, 2015.

(2) Significant non-wholly-owned subsidiary

Name of the subsidiary	Shareholding ratio of minority shareholder (%)	Current profit or loss attributable to minority shareholders	Dividends declared to minority shareholders in the current period	Unit: Yuan Currency: RMB	
				Minority equity at the end of period	
Xi'an Datang Telecom Technology Co., Ltd.	0.46	-1,114,704.00		-1,012,419.12	
Datang Microelectronics Technology Co., Ltd.	5.00	3,086,541.37		34,848,031.45	
Datang Software Technologies Co., Ltd.	7.8374	831,682.37		27,827,847.27	
Jiangsu I-front Science & Technology Co., Ltd.	59.00	20,303,593.45		140,963,765.62	

There was no transaction leading to control over any subsidiary with the change in the share of owners' equities of the Company therein in the current year.

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(3) Key financial information of significant wholly-owned subsidiary

Unit: Yuan Currency: RMB

Subsidiary name												
	CURRENT ASSETS	NON-CURRENT ASSETS	Total assets	CURRENT LIABILITIES	Non-current liabilities	Total liabilities	CURRENT ASSETS	NON-CURRENT ASSETS	Total assets	CURRENT LIABILITIES	Non-current liabilities	Total liabilities
Xi'an Datang Telecom Technology Co., Ltd.	890,092,606.73	55,754,255.97	945,846,862.70	488,284,300.72	677,653,675.40	1,165,937,976.12	1,275,967,447.59	70,144,360.11	1,346,111,807.70	875,912,997.98	447,962,967.36	1,323,875,965.34
Datang Microelectronics Technology Co., Ltd.	1,426,163,890.90	239,540,991.18	1,665,704,882.08	900,910,638.80	67,833,614.20	968,744,253.00	1,204,454,727.98	219,257,437.99	1,423,712,165.97	716,949,698.31	71,532,666.01	788,482,364.32
Datang Software Technologies Co., Ltd.	1,941,612,541.96	156,531,626.57	2,098,144,168.53	1,318,417,458.69	436,519,011.91	1,754,936,470.60	2,048,471,739.95	153,204,266.91	2,201,676,006.86	1,421,409,316.30	448,340,555.10	1,869,749,871.40
Jiangsu I-front Science & Technology Co., Ltd.	694,859,073.36	62,719,649.48	757,578,722.84	518,657,086.20	-	518,657,086.20	661,709,559.53	66,604,325.51	728,313,885.04	523,565,118.65	1,419,786.42	524,984,905.07

Name of the subsidiary	Amount incurred in the current period				Amount incurred in the previous period			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Xi'an Datang Telecom Technology Co., Ltd.	59,306,897.23	-242,326,955.78	-242,326,955.78	-32,274,318.93	139,576,361.06	-77,028,976.33	-77,028,976.33	-153,183,223.37
Datang Microelectronics Technology Co., Ltd.	912,705,982.92	61,730,827.43	61,730,827.43	118,810,066.84	887,699,823.31	147,128,146.85	147,128,146.85	91,784,117.80
Datang Software Technologies Co., Ltd.	1,385,032,771.71	11,281,562.47	11,281,562.47	-5,430,123.16	1,666,772,625.24	26,368,964.83	26,368,964.83	-26,910,822.96
Jiangsu I-front Science & Technology Co., Ltd.	485,161,943.03	34,412,870.25	34,412,870.25	30,385,393.56	361,632,603.64	41,141,916.62	41,141,916.62	-22,178,771.67

Note: NONE

2 Transaction leading to control over subsidiary with change in the share of equity of owner of subsidiary

There was no transaction leading to control over subsidiary with change in the share of equity of owner of subsidiary.

3 Equities in the joint ventures or associates

√ Applicable □ Not applicable

(1) Joint associates

				Unit: Yuan	Currency: RMB	
Name of joint ventures or associates	Principal place of business	Registration place	Business nature	Shareholding ratio (%)		Accounting treatment of investment in joint ventures and associates
				Direct	Indirect	
Datang Telecom (Tianjin) Science and Technology Industrial Park Co., Ltd.	Tianijin	Tianijin	Real estate development and operation	49.90		Equity method
Chengdu Datang Cable Co., Ltd.	Chengdu	Chengdu	Communications	46.4785		Equity method
Xinhua Ruide (Beijing) Network Technology Co., Ltd.	Beijing	Beijing	Internet service	37.23		Equity method
Beijing Datang Smart Card Technology Co., Ltd.	Beijing	Beijing	Communications	40.00		Equity method

Remark on different ratios of shareholding and voting in joint ventures or associates: NONE

Basis for less than 20% voting rights with significant influence and for 20% or more voting rights without significant influence: NONE

(2) Key Financial Information of significant associates

Datang Telecom (Tianjin) Science and Technology Industrial Park Co., Ltd.

	Unit: Yuan		Currency: RMB
	Balance at the end of the period/ amount incurred in the current year	Balance at the beginning of the period/ amount incurred in the previous year	
Current assets	481,654,016.28	125,977,631.07	
Non-current assets	287,709,754.03	270,709,224.06	
Total assets	769,363,770.31	396,686,855.13	
Current liabilities	596,090,319.21	206,362,884.90	

	Balance at the end of the period/ amount incurred in the current year	Balance at the beginning of the period/ amount incurred in the previous year
Non-current liabilities	100,000,000.00	107,520,547.95
Total liabilities	696,090,319.21	313,883,432.85
Minority equity		
Equity attributable to shareholders of the parent company	73,273,451.10	82,803,422.28
Net assets calculated based on shareholding proportion	36,563,452.10	41,318,907.71
Adjustment		
--Goodwill		
- Unrealized profits from internal transactions	-9,225,875.19	-7,202,554.13
- Others		
Book value of equity investments in associates	27,337,576.91	34,116,353.58
Fair value of equity investments in associates with public quotation		
Operating income		
Net profit	-9,529,971.18	-8,526,194.65
Net profit on discontinued operation		
Other comprehensive income		
Total comprehensive income	-9,529,971.18	-8,526,194.65
Dividends received from associates in the current year		

Chengdu Datang Cable Co., Ltd.

Unit: Yuan Currency: RMB

	Balance at the end of the period/ amount incurred in the current year	Balance at the beginning of the period/ amount incurred in the previous year
Current assets	354,197,277.98	295,695,922.95
Non-current assets	86,499,558.54	83,853,897.75
Total assets	440,696,836.52	379,549,820.70
Current liabilities	227,275,685.67	196,297,463.82
Non-current liabilities	30,963,261.43	19,477,554.52
Total liabilities	258,238,947.10	215,775,018.34
Minority equity		
Equity attributable to shareholders of the parent company	182,457,889.42	163,774,802.36
Net assets calculated based on shareholding proportion	84,803,690.13	76,120,071.52
Adjustment		
--Goodwill		
Unrealized profits from internal transactions	-86,412.81	
- Others		
Book value of equity investments in		

	Balance at the end of the period/ amount incurred in the current year	Balance at the beginning of the period/ amount incurred in the previous year
associates	84,717,277.32	76,120,071.52
Fair value of equity investments in associates with public quotation		
Operating income	657,158,463.56	546,270,068.10
Net profit	18,497,167.07	15,279,284.93
Net profit on discontinued operation		
Other comprehensive income		
Total comprehensive income	18,497,167.07	15,279,284.93
Dividends received from associates in the current year		2,612,662.58

Xinhua Reader (Beijing) Network Technology Co., Ltd.

Unit: Yuan Currency: RMB

Item	Balance at the end of the period/ amount incurred in the current year	Balance at the beginning of the period/ amount incurred in the previous year
Current assets	164,758,032.67	
Non-current assets	181,011,661.26	
Total assets	345,769,693.93	
Current liabilities	18,900,612.66	
Non-current liabilities		
Total liabilities	18,900,612.66	
Minority equity		
Equity attributable to shareholders of the parent company	326,869,081.27	
Net assets calculated based on shareholding proportion	121,693,358.96	
Adjustment		
--Goodwill		
Unrealized profits from internal transactions		
- Others	153,335,706.66	
Book value of equity investments in associates	275,029,065.62	
Fair value of equity investments in associates with public quotation		
Operating income	57,753,856.14	
Net profit	8,619,393.71	
Net profit on discontinued operation		
Other comprehensive income		
Total comprehensive income	8,619,393.71	
Dividends received from associates in the current year		

Beijing Datang Smart Card Technology Co., Ltd.

Unit: Yuan Currency: RMB

Item	Balance at the end of the period/ amount incurred in the current year	Balance at the beginning of the period/ amount incurred in the previous year
Current assets	168,912,194.66	
Non-current assets	55,009,009.58	
Total assets	223,921,204.24	
Current liabilities	109,399,385.13	
Non-current liabilities	5,210,000.00	
Total liabilities	114,609,385.13	
Minority equity		
Equity attributable to shareholders of the parent company	109,311,819.11	
Net assets calculated based on shareholding proportion	43,724,727.64	
Adjustment		
--Goodwill		
Unrealized profits from internal transactions		
- Others	17,537,114.98	
Book value of equity investments in associates	61,261,842.62	
Fair value of equity investments in associates with public quotation		
Operating income		
Net profit		
Net profit on discontinued operation		
Other comprehensive income		
Total comprehensive income		
Dividends received from associates in the current year		

(3) Summarized financial information of insignificant joint ventures and associates

Unit: Yuan Currency: RMB

	Balance at the end of the period/ amount incurred in the current year	Balance at the beginning of the period/ amount incurred in the previous year
Joint ventures:	NONE	
Total book value of investment		
Items aggregated on the basis of shareholding proportion		
--Net profit		
-Other comprehensive income		
- Total comprehensive income		
Associates:		
Total book value of investment	111,290,057.28	107,596,953.94
Items aggregated on the basis of shareholding proportion		

	Balance at the end of the period/ amount incurred in the current year	Balance at the beginning of the period/ amount incurred in the previous year
--Net profit	-2,590,937.69	-9,870,535.75
- Other comprehensive income		
- Total comprehensive income		

VIII Risks associated with financial instruments disclosures

√ Applicable □ Not applicable

In the business process, the Company is exposed to credit risk, market risk and liquidity risk. The management of the Company is entirely responsible for the determination of risk management objectives and policies, and is ultimately responsible for the same. The operation management checks the effectiveness of procedures implemented and the reasonableness of risk management objective and policies through the monthly work report submitted by the functional department. The internal auditor of the Company also designs risk management policies and procedures, and submit the findings to the audit committee. The overall objectives of the Company's risk management are to formulate the risk management policy to reduce risks as much as possible without excessive influence on the competitiveness and resilience of the Company.

1 Credit risk

Credit risks refer to the risks of financial losses of one party incurred by the failure of the other party to fulfill obligations. The Company is mainly exposed to the customer credit risk caused by sale on credit. Before the conclusion of a new contract, the Company will assess the credit risks of new customer, including external credit rating and, in some cases, bank reference (when this information is available). The Company sets up a credit limit for each customer, which is the biggest limit requiring no additional approval.

The Company makes quarterly monitoring over the existing customer credit rating and the monthly examination of aging analysis of accounts receivable, to ensure that the overall credit risk falls in the controllable range. The customer credit risks are put into groups based on the credit features of customers when such risks are monitored. Upon the additional approval, the Company may sale on credit to those customers rated as "risky" ones and put into the list of restricted customers or otherwise ask the same for the corresponding payment in advance.

2 Market risk

Financial instruments market risk, is the risk that the fair value of financial instruments or future cash flows due to fluctuations in the market price changes occur, including the exchange rate risk, interest rate risk and other price risk.

- (1) **Interest rate risk refers to the risk of variations in the fair values or future cash follows of financial instruments due to variations in market rate. The interest rate risk the Company is exposed to mainly comes from bank short-term borrowings, long-term borrowings and bonds payable. The Company builds good relations with banks and designs reasonable credit line, credit species and credit period to guarantee the sufficient credit line and meet the demand of the Company for short-term finance. The time limit for single borrowing is shortened and the term on advanced repayment is agreed upon for reasonable reduction of risk of interest rate fluctuations.**
- (2) **Foreign exchange rate risk refers to the risk of variations in the fair values or future cash follows of financial instruments due to variations in foreign exchange rate. The Company matches foreign currency income and foreign spending as much as possible to reduce foreign exchange risk. In addition, the Company may also sign forward foreign exchange contracts or currency swap contracts to avoid foreign exchange risk. The foreign exchange risk to which the Company is exposed to mainly comes from the financial assets and financial liabilities denominated in USD, Euro, Ruble, JPY, HKD**

and NTD, and the amount of financial assets and financial liabilities denominated in foreign currency after conversion into RMB is presented as below:

Item				Balance at beginning of the year		
	USD	Other foreign currency (currencies)	Total	USD	Other foreign currency (currencies)	Total
Cash and cash equivalents	11,822,593.00		76,771,182.07	17,319,316.84		105,976,899.04
Accounts receivable	44,100,385.13		286,370,260.89	50,637,920.13		309,853,433.27
Advances to suppliers	15,449,354.89		100,321,930.93	1,950,643.95		11,935,990.33
Accounts payable	39,564,596.95		256,916,666.73	31,286,496.24		191,442,070.48
Accounts received in advance	5,418,319.74		35,184,401.05	804,782.59		4,924,464.66
Other receivable	11,420,831.62		74,162,312.21	272,790.05		1,669,202.30
Other payables	29,338.41		190,511.93	179,626.87		1,099,136.85
Short-term borrowings	74,377,939.22		482,980,586.12	38,000,692.17		232,526,235.39
cash and cash equivalents		5,762,516.63	4,608,179.15		2,262,793.86	804,085.96
Accounts receivable		613,032.64	269,378.92		298,276.40	74,773.64
Advances to suppliers					40,208.21	8,872.70
Accounts payable		65,000.00	461,188.00		248,032.57	520,526.79
Accounts received in advance					27,577.40	23,270.99
Other receivable		30,178.88	52,098.30		34.57	27.27
Other payables					452,500.00	88,735.25

On December 31, 2015, with all other variables remain unchanged, if the RMB rises or falls 5% against USD, the net profit will reduce or increase by RMB 11,882,323.99 (December 31, 2014: RMB 27,819.12). The management believes that 5% reflects the reasonable range of change in respect of RMB against USD in the next year.

- 3 Liquidity risk is the risk of a shortage of funds occurs when companies fulfill their obligations in a manner to deliver cash or another financial asset settlement. The policy of the Company is to ensure that the cash is sufficient to pay the debts coming due. Liquidity risk is under the centralized control of the Company's financial department. The financial department monitors the cash balance, the securities that can be converted into cash at any time and forecasts the cash flow for the next 12 months on a rolling basis, to ensure that the Company has sufficient funds to repay the debt in all the reasonably forecasted cases. The presentation of financial liabilities at the undiscounted contract cash flow by the maturity date is as follows:**

Item	Within 1 year	1-2 years	2-3 years	3 - 5 years	Over 5 years	Total
Short-term borrowings	2,351,396,739.98					2,351,396,739.98
Notes payable	823,517,143.66					823,517,143.66
Accounts payable	1,449,936,891.42					1,449,936,891.42
Accounts received in advance	344,065,155.81					344,065,155.81
Other payables	241,946,135.93					241,946,135.93
Total	5,210,862,066.80					5,210,862,066.80

Item	Balance at beginning of the year					Total
	Within 1 year	1-2 years	2-3 years	3 - 5 years	Over 5 years	
Short-term borrowings	3,433,917,237.58					3,433,917,237.58
Notes payable	421,911,787.84					421,911,787.84
Accounts payable	1,375,459,464.00					1,375,459,464.00
Accounts received in advance	302,765,733.81					302,765,733.81
Other payables	285,204,241.63					285,204,241.63
Total	5,819,258,464.86					5,819,258,464.86

IX Disclosure of fair value

☐ Applicable ☒ Not applicable

1 Fair value of assets and liabilities measured at fair value at the end of the period

Item	Fair value at the end of the period			Total
	Fair value measurement at the first level	Fair value measurement at the second level	Fair value measurement at the third level	
1. Continuous fair value measurement				
2. Non-continuous fair value measurement				

2 Basis for determination of market value of the continuous and non-continuous fair value measurement at the first level**3 Valuation technique used and qualitative and quantitative information of significant parameter in the continuous and non-continuous fair value measurement at the second level****4 Valuation technique used and qualitative and quantitative information of significant parameter in the continuous and non-continuous fair value measurement at the third level****5 Adjustment between the book values of and sensitivity analysis unobservable parameters of the continuous fair value measurement items at the third level at the beginning and end of the period**

6 Reason for change and policies at the determined time point of change as to any continuous fair value measurement items involving change between levels in the current period

7 Change of valuation technique in the current period and reason for such change

8 Fair value of financial assets and financial liabilities not measured at fair value

9 Others

The investment in equity instruments from available-for-sale financial assets in the financial instruments should be measured at the cost method due to that there is no quoted price in the active market and its fair value cannot be measured reliably.

X Related parties and related party transactions

1 Parent company of the Company

			Unit: Yuan	Currency: RMB	
Name of the parent company	Registration place	Business nature	Registered capital	Shareholding ratio of the parent company (%)	Voting ratio of the parent company (%)
China Academy of Telecommunications Technology	Beijing Municipality	Development, production, sales and system integration of communication equipment, electronic computer and peripheral equipment, electric software, radio and television equipment, optical fiber and optical cable, electronic components and other electronic equipment, instruments and meters, etc. (other than those subject to the national provisions on special operation); technological development and technical service in relation to communication, network, e-commerce, information security and radio and television; industrial investment, investment management and consulting.	RMB 7,718,820,400	17.15	33.94

Name of the parent company	Registration place	Business nature	Registered capital	Shareholding ratio of the parent company (%)	Voting ratio of the parent company (%)

Parent company of the Company

The ultimate controller is Research Institute of Telecommunications Technology.

2 Subsidiary of the Company

The details of the subsidiaries are set out in the "Note 7 Interests in other entities".

3 Joint ventures and associates of the Company

The details of significant joint ventures and associates are set out in "Note 7 Interests in other entities".

4 Other related parties

√ Applicable □ Not applicable

Name of other related party	Relationship with the Company
Datang Telecom Technology International Co., Ltd.	Subsidiary held by the parent company
Xi'an Cuihua Communication Technology Co., Ltd.	Subsidiary held by the parent company
Shanghai DS Communication Equipment Co., Ltd.	Subsidiary held by the parent company
Datang Mobile Communications Equipment Co., Ltd.	Subsidiary held by the parent company
Datang Investment Holdings Development (Shanghai) Co., Ltd.	Subsidiary held by the parent company
DATANG Lianyi Science and Technology Co., Ltd.	Subsidiary held by the parent company
Datang Telecom Technology International (HK) Co., Ltd.	Subsidiary held by the parent company
Chengdu Tairui Communication Equipment Co., Ltd.	Subsidiary held by the parent company
China National Radio Spectrum Management Institute	Wholly-owned subsidiary of the parent company
Telecom Technology Instrument Research Institute	Wholly-owned subsidiary of the parent company
Fifth Research Institute of Telecommunications Technology	Wholly-owned subsidiary of the parent company
The Fourth Research Institute of Telecommunications Technology	Wholly-owned subsidiary of the parent company
The First Research Institute of Telecommunications Technology	Wholly-owned subsidiary of the parent company
DATANG Linktech Co., Ltd.	Subsidiary held by the parent company
Gohigh Data Network Technology Co., Ltd.	Subsidiary held by the parent company
Datang Telecom Group Finance Co., Ltd.	Wholly-owned subsidiary of the parent company
The Tenth Research Institute of Telecommunications Technology	Wholly-owned subsidiary of the parent company
Beijing Datang Carera Investment Co.	Wholly-owned subsidiary of the parent company
Research Institute of Data Communication Technologies	Wholly-owned subsidiary of the parent company
Semiconductor Manufacturing International Corporation	Others

Name of other related party	Relationship with the Company
Guangzhou Rising Micro Electronics Co., Ltd.	Others
Beijing Datang Yongsheng Technology Development Co., Ltd.	Others
Datang Hi-tech Venture Capital Co., Ltd.	Others
DATANG Telecom Technology Industry Holdings Co., Ltd.	Participating shareholder
Xi'an Datang Monitoring Technology Co., Ltd.	Associate
Zhou Hao and Chen Yong	Participating shareholder and persons acting in concert

5 Related party transactions

(1) Purchase of goods, rendering and receipt of labor services

√ Applicable □ Not applicable

Purchase of goods/receipt of labor services

Related party	Content of related party transaction	Unit: Yuan	Currency: RMB
		Amount incurred in the current period	Amount incurred in the previous period
Datang Mobile Communications Equipment Co., Ltd.	Purchase of goods	1,248,396.88	11,993,896.13
Gohigh Data Network Technology Co., Ltd.	Purchase of goods	2,623,536.45	2,520,062.09
Shanghai DS Communication Equipment Co., Ltd.	Purchase of goods	8,405.91	2,713,473.53
Semiconductor Manufacturing International Corporation	Purchase of goods	125,084,114.93	92,337,131.07
Datang Telecom Technology International (HK) Co., Ltd.	Purchase of goods	273,637,129.65	281,497,269.43
Telecom Technology Instrument Research Institute	Purchase of goods	531,037.53	
Chengdu Datang Cable Co., Ltd.	Purchase of goods		74,790,032.62
The First Research Institute of Telecommunications Technology	Purchase of goods	394,895.28	2,641,509.43
DATANG Lianyi Science and Technology Co., Ltd.	Purchase of goods	2,362,495.69	5,661,538.46
Xi'an Datang Monitoring Technology Co., Ltd.	Purchase of goods		755.47

Related party	Content of related party transaction	Amount incurred in the current period	Amount incurred in the previous period
DATANG Linktech Co., Ltd.	Purchase of goods	1,367,521.37	
Research Institute of Telecommunications Technology	Purchase of goods	51,154.00	
Data Communications Technology Research Institute	Purchase of goods	5,938,169.78	
Beijing Datang Carera Investment Co.	Receipt of labor services		1,728.00
Research Institute of Data Communication Technologies	Receipt of labor services	578,503.11	713,664.36
China Academy of Telecommunications Technology	Receipt of labor services	12,972,000.00	24,198,459.91
Datang Mobile Communications Equipment Co., Ltd.	Receipt of labor services	1,698,113.21	534,339.62
DATANG Telecom Technology Industry Holdings Co., Ltd.	Receipt of labor services	750,000.00	255,377.91
Chengdu Tairui Communication Equipment Co., Ltd.	Receipt of labor services	10,490.57	12,641.51
Gohigh Data Network Technology Co., Ltd.	Receipt of labor services	92,036.58	1,300.00
The First Research Institute of Telecommunications Technology	Receipt of labor services	1,267,600.00	1,566,245.29
China National Radio Spectrum Management Institute	Receipt of labor services		48,000.00
Telecom Technology Instrument Research Institute	Receipt of labor services	2,760.68	3,076.92
Semiconductor Manufacturing International Corporation	Receipt of labor services	11,207,153.30	1,021,609.46
DATANG Lianyi Science and Technology Co., Ltd.	Receipt of labor services		717,948.72
Datang Telecom International Technology Co., Ltd.	Receipt of labor services	27,000.00	

Sales of goods/rendering of services

Unit: Yuan

Currency: RMB

Related party	Content of related party transaction	Amount incurred in the current period	Amount incurred in the previous period
DATANG Telecom Technology Industry Holdings Co., Ltd.	Sale of goods	4,800,000.00	840,730.76
Datang Mobile Communications Equipment Co., Ltd.	Sale of goods	2,070,319.63	7,457,320.92
Gohigh Data Network Technology Co., Ltd.	Sale of goods	8,490,566.07	9,133,973.71
Datang Telecom Technology International Co., Ltd.	Sale of goods	595,324,123.14	492,333,412.48
Datang Telecom Technology International (HK) Co., Ltd.	Sale of goods	250,301,863.84	295,438,531.04
Research Institute of Data Communication Technologies	Sale of goods	109,343,269.18	77,899,470.19
DATANG Linktech Co., Ltd.	Sale of goods	3,216,274.02	7,814,696.58
Fifth Research Institute of Telecommunications Technology	Sale of goods		55,316.24
The Tenth Research Institute of Telecommunications Technology	Sale of goods	3,634,794.78	1,717,998.30
Xi'an Datang Monitoring Technology Co., Ltd.	Sale of goods		967,048.17
China Academy of Telecommunications Technology	Sale of goods	360,000.00	64,603.42
Guangzhou Rising Micro Electronics Co., Ltd.	Sale of goods	4,935,981.50	
Shanghai DS Communication Equipment Co., Ltd.	Provision of services	19,995.00	
The First Research Institute of Telecommunications Technology	Provision of services	6,356,000.00	3,867,924.53
China Academy of Telecommunications Technology	Provision of services	308,079.24	263,017.08
Datang Mobile Communications Equipment Co., Ltd.	Provision of services		500,000.00
DATANG Linktech Co., Ltd.	Provision of services		30,366,037.74
DATANG Telecom Technology Industry Holdings Co., Ltd.	Provision of services	84,905.66	569,000,000.00

(2) Borrowings to and from related parties

√ Applicable □ Not applicable

Unit: Yuan

Currency: RMB

Related party	Borrowing amount	Starting date	Maturity	Explaining
Borrowing to the Company				
Datang Telecom Group Finance Co., Ltd.	50,000,000.00	2013-11-12	2016-11-11	
Datang Telecom Group Finance Co., Ltd.	50,000,000.00	2013-11-29	2016-11-28	
Datang Telecom Group Finance Co., Ltd.	30,000,000.00	2015-4-17	2015-12-29	
Datang Telecom Group Finance Co., Ltd.	40,000,000.00	2015-5-19	2016-5-18	
Datang Telecom Group Finance Co., Ltd.	30,000,000.00	2015-5-27	2015-11-26	
Datang Telecom Group Finance Co., Ltd.	20,000,000.00	2015-6-12	2016-6-11	
Datang Telecom Group Finance Co., Ltd.	10,000,000.00	2015-6-26	2016-6-24	
Datang Telecom Group Finance Co., Ltd.	20,000,000.00	2015-7-18	2015-12-29	
Datang Telecom Group Finance Co., Ltd.	40,000,000.00	2014-5-15	2015-5-14	
Datang Telecom Group Finance Co., Ltd.	30,000,000.00	2014-5-15	2015-5-14	
Datang Telecom Group Finance Co., Ltd.	20,000,000.00	2014-6-11	2015-6-10	
Datang Telecom Group Finance Co., Ltd.	30,000,000.00	2014-9-2	2015-1-1	
Datang Telecom Group Finance Co., Ltd.	10,000,000.00	2014-6-19	2015-6-18	
Datang Telecom Group Finance Co., Ltd.	30,000,000.00	2014-11-27	2015-11-26	
China Academy of Telecommunications Technology	300,000,000.00	2014-6-12	2018-6-11	
DATANG Telecom Technology Industry Holdings Co., Ltd.	88,000,000.00	2014-7-29	2018-7-28	
China Academy of Telecommunications Technology	177,000,000.00	2014-7-31	2018-7-30	
China Academy of	50,000,000.00	2014-7-31	2018-7-30	

Related party	Borrowing amount	Starting date	Maturity	Explaining
Telecommunications Technology				
China Academy of Telecommunications Technology	195,000,000.00	2014-8-4	2018-8-3	
China Academy of Telecommunications Technology	82,000,000.00	2014-9-2	2018-9-1	
China Academy of Telecommunications Technology	45,000,000.00	2014-9-9	2018-9-8	
China Academy of Telecommunications Technology	30,000,000.00	2014-11-2	2018-11-1	
China Academy of Telecommunications Technology	150,000,000.00	2015-8-4	2018-8-3	
China Academy of Telecommunications Technology	70,000,000.00	2015-8-26	2018-8-25	
China Academy of Telecommunications Technology	200,000,000.00	2015-9-10	2018-9-7	
China Academy of Telecommunications Technology	130,000,000.00	2015-9-16	2018-9-15	
Datang Telecom Group Finance Co., Ltd.	40,000,000.00	2014-9-2	2015-9-1	
Datang Telecom Group Finance Co., Ltd.	30,000,000.00	2014-11-6	2015-7-5	
Datang Telecom Group Finance Co., Ltd.	50,000,000.00	2014-11-6	2015-9-5	
Datang Telecom Group Finance Co., Ltd.	50,000,000.00	2014-11-6	2015-9-29	
Datang Telecom Group Finance Co., Ltd.	30,000,000.00	2014-11-15	2015-6-14	
Datang Telecom Group Finance Co., Ltd.	40,000,000.00	2014-11-17	2015-6-16	
Datang Telecom Group Finance Co., Ltd.	50,000,000.00	2015-6-12	2016-6-11	
Datang Telecom Group Finance Co., Ltd.	20,000,000.00	2015-6-15	2016-6-14	
Datang Telecom Group Finance Co., Ltd.	85,000,000.00	2015-8-12	2015-12-12	

Interest paid to related parties

Related party	Amount incurred in the current period	Amount incurred in the previous period
DATANG Telecom Technology Industry Holdings Co., Ltd.	4,962,222.22	4,143,199.99
Datang Telecom Group Finance Co., Ltd.	12,232,100.25	69,291,119.98
China Academy of Telecommunications Technology	58,215,833.34	30,579,441.80
Datang Telecom Technology International (HK) Co., Ltd.		788,521.49
Total	75,410,155.81	104,802,283.26

Deposit with related parties and income from interest thereon

Related party	Amount incurred in the current period		Amount incurred in the previous period	
	Balance	Interest income	Balance	Interest income
Datang Telecom Group Finance Co., Ltd.	66,287,107.13	350,400.00	29,197,038.90	905,082.92
Total	66,287,107.13	350,400.00	29,197,038.90	905,082.92

Description: Such interest on funds occupied is caused by the late delivery of real estate by the other party.

Interest received from related parties

Related party	Amount incurred in the current period	Amount incurred in the previous period
Datang Telecom (Tianjin) Science and Technology Industrial Park Co., Ltd.	7,235,738.72	22,651,976.67
Total	7,235,738.72	22,651,976.67

(3) Purchase and sale of assets involving related parties

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Related party	Content of related party transaction	Amount incurred in the current period	Amount incurred in the previous period
China Academy of Telecommunications Technology	Procurement of intangible assets	26,000,000.00	
DATANG Telecom Technology Industry Holdings Co., Ltd.	Sale of intangible assets		154,000,000.00

(4) Remuneration for key management

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Remuneration for key management	684.37	835.34

(5) Other related transactions

Unit: Yuan Currency: RMB

Related party	Content of related party transaction	Amount incurred in the current period	Amount incurred in the previous period
China Academy of	House rents, utility bill,	932,313.00	977,518.00

Related party	Content of related party transaction	Amount incurred in the current period	Amount incurred in the previous period
Telecommunications Technology	property fees		
Beijing Datang Carera Investment Co.	House rents, utility bill, property fees	605,906.18	452,715.83
Datang Investment Holding Development (Shanghai) Co., Ltd.	House rents, utility bill, property fees		270,975.00
DATANG Telecom Technology Industry Holdings Co., Ltd.	House rents, utility bill, property fees	1,125.00	
Fifth Research Institute of Telecommunications Technology	House rents, utility bill, property fees	234,684.00	223,236.00
The First Research Institute of Telecommunications Technology	House rents, utility bill, property fees	389,144.34	
Total		2,163,172.52	1,924,444.83

6 Accounts due from/to the related parties

√ Applicable □ Not applicable

(1) Receivables

Item	Related party	Unit: Yuan		Currency: RMB	
		Balance at the end of the period			
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Accounts receivable					
	Datang Telecom Technology International Co., Ltd.	36,736,838.86	183,684.19	24,271,312.11	121,356.56
	Datang telecom International Technology (Hong Kong) Co., Ltd.			22,113,885.23	110,569.43
	Datang Mobile Communications Equipment Co., Ltd.	18,528,576.66	1,688,870.17	24,616,519.55	1,118,783.38
	DATANG Linktech Co., Ltd.	19,639,881.00	3,383,278.05	43,014,881.00	1,070,339.62
	Gohigh Data Network Technology Co., Ltd.	15,098,969.73	1,109,566.29	14,974,723.71	302,384.47
	The Tenth Research Institute of Telecommunications Technology	15,440,058.30	8,250,662.10	14,846,080.40	5,940,842.49
	The Fourth Research Institute of Telecommunications Technology	443,367.00	443,367.00	443,367.00	221,683.50
	Guangzhou Rising Micro Electronics	565,021.41	130,662.10	433,345.73	21,667.29

Item	Related party	Balance at the end of the period		Book balance	Provision for bad debt
		Book balance	Provision for bad debt		
	Co., Ltd.				
	Fifth Research Institute of Telecommunications Technology	432,446.00	19,680.70	754,325.00	104,241.82
	China National Radio Spectrum Management Institute	167,486.51	167,486.51	167,486.51	167,486.51
	Beijing Datang Carera Investment Co.	35,000.00	35,000.00	35,000.00	17,500.00
	Xi'an Cuihua Communication Technology Co., Ltd.	10,810.00	10,810.00	10,810.00	10,810.00
	Research Institute of Data Communication Technologies	58,974,500.00	295,352.50	60,000,000.00	300,000.00
	China Academy of Telecommunications Technology	39,660.00	198.30		
	DATANG Telecom Technology Industry Holdings Co., Ltd.	90,000.00	450.00	290,388,750.00	1,511,943.75
	Xi'an Datang Monitoring Technology Co., Ltd.	5,159.04	257.95	1,410,342.43	702,694.88
	The First Research Institute of Telecommunications Technology	3,632,000.00	18,160.00	900,000.00	4,500.00
	Xinhua Ruide (Beijing) Network Technology Co., Ltd.	2,391,000.00	119,550.00		
	Beijing Datang Smart Card Technology Co., Ltd.	2,827,940.47	55,279.00		
Notes receivable					
	Research Institute of Data Communication Technologies	23,625,000.00			
	Datang Mobile Communications Equipment Co., Ltd.			293,300.00	
	The Tenth Research Institute of Telecommunications Technology			500,000.00	
Advances to suppliers					
	Datang Telecom (Tianjin) Science and Technology Industrial Park Co., Ltd.	146,616,640.00		123,616,640.00	
	China Academy of			974,000.00	4,870.00

Item	Related party	Balance at the end of the period		Book balance	Provision for bad debt
		Book balance	Provision for bad debt		
	Telecommunications Technology				
	Telecom Technology Instrument Research Institute			654,255.00	13,085.10
	Gohigh Data Network Technology Co., Ltd.	40,000.00	20,000.00	40,000.00	12,000.00
	Beijing Datang Yongsheng Technology Development Co., Ltd.	28,794.09	28,794.09	28,794.09	28,794.09
	Guangzhou Rising Micro Electronics Co., Ltd.	631,399.99	31,570.00	631,399.99	12,628.00
	Semiconductor Manufacturing International Corporation	10,608,639.98	53,043.20	41,609.20	208.05
	DATANG Lianyi Science and Technology Co., Ltd.	64,800.00	324.00		
	Datang Telecom Technology International Co., Ltd.	853,543.24	4,267.72		
Other receivable					
	Gohigh Data Network Technology Co., Ltd.			1,548,683.81	29,088.18
	Semiconductor Manufacturing International Corporation	14,344.18	717.21	14,344.18	286.88
	Datang Telecom Investment Co., Ltd.	3,566.85	17.83		
	Beijing Datang Technology Development Co., Ltd.	142,865.37	31,976.94	139,169.24	5,783.38
	Xi'an Datang Monitoring Technology Co., Ltd.	5,336,548.90	393,491.61	7,159,279.82	104,183.81
	Beijing Datang Smart Card Technology Co., Ltd.	25,993,217.63	129,966.09		
	Xinhua Ruide (Beijing) Network Technology Co., Ltd.	2,787,324.92	346,786.35		
Dividends receivable					
	Xinhua Ruide (Beijing) Network Technology Co., Ltd.	173,766.32			

Item	Related party	Balance at the end of the period		Book balance	Provision for bad debt
		Book balance	Provision for bad debt		
	Chengdu Datang Cable Co., Ltd.	2,612,662.58		2,612,662.58	
	Datang High-tech Venture Capital Investment Co., Ltd.	25,622.63			

(2) Payables

Item	Related party	Unit: Yuan	Currency: RMB
		Ending book balance	Beginning book balance
Accounts payable			
	Datang Mobile Communications Equipment Co., Ltd.	2,231,447.74	7,220,438.34
	Chengdu Datang Cable Co., Ltd.	6,629,036.84	35,884,173.16
	Shanghai DS Communication Equipment Co., Ltd.	1,674,875.00	4,608,936.99
	Semiconductor Manufacturing International Corporation	3,579,762.90	5,441,204.30
	Fifth Research Institute of Telecommunications Technology	188,989.90	510,868.90
	Research Institute of Data Communication Technologies	380,300.00	380,300.00
	Gohigh Data Network Technology Co., Ltd.	2,414,161.00	1,733,762.00
	Xi'an Cuihua Communication Technology Co., Ltd.	2,252,721.95	2,252,721.95
	The Fourth Research Institute of Telecommunications Technology	151,480.00	157,291.98
	The Tenth Research Institute of Telecommunications Technology	7,501.05	7,501.05
	Datang Telecom Technology International (HK) Co., Ltd.	29,294,444.39	34,062,493.20
	DATANG Lianyi Science and Technology Co., Ltd.	216,000.00	4,104,130.00
	The First Research Institute of Telecommunications Technology		500,000.00
	Xi'an Datang Monitoring Technology Co., Ltd.	241,490.67	1,700,127.57
	China Academy of Telecommunications Technology	26,000,000.00	
	Beijing Datang Smart Card	20,746,221.87	

Item	Related party	Ending book balance	Beginning book balance
	Technology Co., Ltd.		
Notes payable			
	Datang Mobile Communications Equipment Co., Ltd.		295,008.00
	Semiconductor Manufacturing International Corporation	28,055,096.55	30,015,768.51
	China Academy of Telecommunications Technology		3,342,847.76
Other payables			
	Datang Telecom Investment Co., Ltd.	19,897,492.88	
	Beijing Datang Technology Development Co., Ltd.	2,619,817.07	2,619,817.07
	DATANG Telecom Technology Industry Holdings Co., Ltd.		2,888,644.44
	Chengdu Datang Cable Co., Ltd.	1,871,656.67	1,871,656.67
	Research Institute of Data Communication Technologies	1,356,634.43	1,607,769.19
	China Academy of Telecommunications Technology	585,970.20	1,712,493.97
	Datang Mobile Communications Equipment Co., Ltd.	567,118.00	567,118.00
	The Tenth Research Institute of Telecommunications Technology	3,529.67	3,529.67
	Gohigh Data Network Technology Co., Ltd.		100,000.00
	Xi'an Datang Monitoring Technology Co., Ltd.		1,774,622.91
	Beijing Datang Smart Card Technology Co., Ltd.	18,259,196.49	
	Zhou Hao	34,291,475.59	68,582,951.18
	Chen Yong	30,598,661.84	61,197,323.68
Advance from customers			
	Datang Mobile Communications Equipment Co., Ltd.	1,314.16	294.16
	Research Institute of Data Communication Technologies	50.00	184,050.00
	Datang Telecom Technology International Co., Ltd.	2,181,160.49	
Long-term payables			
	China Academy of Telecommunications	1,429,000,000.00	879,000,000.00

Item	Related party	Ending book balance	Beginning book balance
	Technology		
	DATANG Telecom Technology Industry Holdings Co., Ltd.	88,000,000.00	88,000,000.00

7 Related party commitment

NONE

8 Others

NONE

XI Share-based payment

As at December 31, 2015, there was no share-based payments that should be disclosed but are not disclosed yet.

XII Commitment or contingencies**1 Significant commitments:**

√ Applicable □ Not applicable

(1) On February 17, 2011, the Resolution on Purchase of Tianjin Industrial Park Office Building was adopted at the meeting of extraordinary shareholders, to approve the purchase of an office covering an area of about 32,000 square meters building of Datang Telecom (Tianjin) Science and Technology Industrial Park Co., Ltd. in airport harbor logistics processing zone in Tianjin bonded area at a price of RMB 176,600,000.00. As at December 31, 2015, the consideration of RMB 146,616,640.00 has been paid, and all the internal and external decoration and the delivery for check are expected to be completed in 2016. After acceptance, the Company will pay the rest of the subscription consideration totaling RMB 29,983,360.00.

(2) On March 27, 2014, the Resolution on Purchase of Auto Electronic Product Intellectual Property and Related Interests by Datang NXP was adopted at the 14th meeting of the sixth board of directors, to approve the execution of the transfer agreement by and between the subsidiary Datang NXP Semiconductors Co. Ltd. ("Datang NXP ") and NXP B.V. and affiliates, under which Datang NXP purchases auto electronic product intellectual property and relevant interests from NXP B.V. and its affiliates, for subsequent research, development and industrialization, at a transaction price of not more than USD 66 million. As at December 31, 2015, the transfer of automobile electronic products and related intellectual property rights and relevant interests totaling USD 13,500,000 is completed, and the remaining is expected to be completed based on the subsequent research and development.

2 Contingencies

√ Applicable □ Not applicable

(1) Guarantee provided by the Company to its subsidiaries or by subsidiary to other subsidiary

Guarantee	Amount of the guarantee	Starting date of guarantee	Maturity Date of guarantee	Has the guarantee been performed
Datang Software Technologies Co., Ltd.	3,000,000.00	2015-7-21	2016-1-21	Not performed
Datang Software Technologies Co., Ltd.	3,000,000.00	2015-7-21	2016-1-21	Not performed
Datang Software	2,000,000.00	2015-7-21	2016-1-21	Not performed

Guarantee	Amount of the guarantee	Starting date of guarantee	Maturity Date of guarantee	Has the guarantee been performed
Technologies Co., Ltd.				
Datang Software Technologies Co., Ltd.	2,000,000.00	2015-7-21	2016-1-21	Not performed
Datang Software Technologies Co., Ltd.	32,000,000.00	2015-7-23	2016-1-23	Not performed
Datang Software Technologies Co., Ltd.	514,000.00	2015-8-3	2016-2-3	Not performed
Datang Software Technologies Co., Ltd.	3,920,000.00	2015-8-3	2016-2-3	Not performed
Datang Software Technologies Co., Ltd.	2,504,815.65	2015-10-30	2016-4-30	Not performed
Datang Software Technologies Co., Ltd.	4,592,500.00	2015-12-21	2016-6-21	Not performed
Datang Software Technologies Co., Ltd.	25,121,494.62	2015-12-30	2016-3-7	Not performed
Datang Software Technologies Co., Ltd.	393,750.00	2012-8-23	2017-10-19	Not performed
Datang Software Technologies Co., Ltd.	218,750.00	2012-8-23	2017-10-19	Not performed
Datang Software Technologies Co., Ltd.	526,923.60	2013-12-25	2017-12-16	Not performed
Datang Software Technologies Co., Ltd.	116,296.25	2015-1-15	2017-12-22	Not performed
Datang Software Technologies Co., Ltd.	134,190.00	2015-1-28	2016-1-28	Not performed
Datang Software Technologies Co., Ltd.	52,500.00	2015-1-28	2016-1-28	Not performed
Datang Software Technologies Co., Ltd.	207,699.66	2015-2-10	2016-2-10	Not performed
Datang Software Technologies Co., Ltd.	250,425.00	2015-5-13	2018-6-30	Not performed
Datang Software Technologies Co., Ltd.	85,000.00	2013-6-8	2017-6-28	Not performed
Datang Software Technologies Co., Ltd.	32,000.00	2013-5-8	2016-2-10	Not performed
Datang Software Technologies Co., Ltd.	1,211,987.40	2014-1-26	2016-3-23	Not performed
Datang Software Technologies Co., Ltd.	1,211,987.40	2014-1-26	2017-3-23	Not performed
Datang Software Technologies Co., Ltd.	1,211,987.40	2014-1-26	2018-3-23	Not performed
Datang Software Technologies Co., Ltd.	1,211,987.40	2014-1-26	2019-3-23	Not performed
Datang Software Technologies Co., Ltd.	582,649.00	2014-10-17	2017-7-8	Not performed
Datang Software Technologies Co., Ltd.	238,000.00	2014-3-17	2016-4-6	Not performed
Datang Software Technologies Co., Ltd.	237,781.40	2014-6-24	2016-5-29	Not performed
Datang Software Technologies Co., Ltd.	231,433.90	2014-6-24	2016-5-29	Not performed
Datang Software Technologies Co., Ltd.	214,948.00	2014-11-21	2016-9-30	Not performed
Datang Software	202,462.50	2014-11-21	2016-11-30	Not performed

Guarantee	Amount of the guarantee	Starting date of guarantee	Maturity Date of guarantee	Has the guarantee been performed
Technologies Co., Ltd.				
Datang Software Technologies Co., Ltd.	120,098.70	2014-6-24	2016-5-29	Not performed
Datang Software Technologies Co., Ltd.	119,401.60	2014-6-24	2016-5-29	Not performed
Datang Software Technologies Co., Ltd.	109,741.90	2014-6-24	2016-5-29	Not performed
Datang Software Technologies Co., Ltd.	83,198.50	2014-12-5	2016-11-30	Not performed
Datang Software Technologies Co., Ltd.	53,277.60	2014-6-24	2016-5-29	Not performed
Datang Software Technologies Co., Ltd.	14,400.00	2014-6-24	2017-1-31	Not performed
Datang Software Technologies Co., Ltd.	145,500.00	2015-10-13	2016-1-29	Not performed
Datang Software Technologies Co., Ltd.	34,300.00	2015-10-13	2016-10-13	Not performed
Datang Software Technologies Co., Ltd.	123,070.50	2015-10-30	2018-7-1	Not performed
Datang Software Technologies Co., Ltd.	63,076.00	2015-11-5	2017-11-4	Not performed
Datang Software Technologies Co., Ltd.	65,100.00	2015-11-5	2016-10-26	Not performed
Datang Software Technologies Co., Ltd.	800,000.00	2015-11-10	2016-3-19	Not performed
Datang Software Technologies Co., Ltd.	667,800.00	2015-11-26	2016-10-31	Not performed
Datang Software Technologies Co., Ltd.	205,500.00	2015-12-8	2018-8-7	Not performed
Datang Software Technologies Co., Ltd.	100,000.00	2015-12-15	2016-6-30	Not performed
Datang Software Technologies Co., Ltd.	100,000.00	2015-12-15	2016-6-30	Not performed
Datang Software Technologies Co., Ltd.	100,000.00	2015-12-15	2016-6-30	Not performed
Datang Software Technologies Co., Ltd.	100,000.00	2015-12-15	2016-6-30	Not performed
Datang Software Technologies Co., Ltd.	100,000.00	2015-12-15	2016-6-30	Not performed
Datang Software Technologies Co., Ltd.	228,000.00	2015-12-25	2016-12-31	Not performed
Datang Software Technologies Co., Ltd.	50,000,000.00	2015-1-29	2016-1-28	Not performed
Datang Software Technologies Co., Ltd.	60,000,000.00	2015-2-9	2016-2-9	Not performed
Datang Software Technologies Co., Ltd.	50,000,000.00	2015-3-10	2016-3-9	Not performed
Datang Software Technologies Co., Ltd.	50,000,000.00	2015-3-30	2016-3-29	Not performed
Datang Software Technologies Co., Ltd.	40,000,000.00	2015-5-20	2016-5-19	Not performed
Datang Software Technologies Co., Ltd.	12,023,008.65	2015-9-25	2016-9-24	Not performed
Datang Software	7,976,991.35	2015-10-26	2016-10-25	Not performed

Guarantee	Amount of the guarantee	Starting date of guarantee	Maturity Date of guarantee	Has the guarantee been performed
Technologies Co., Ltd.				
Jiangsu I-front Science & Technology Co., Ltd.	1,959,466.08	2014-09-5	2016-9-5	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	3,259,260.00	2015-01-28	2016-2-29	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	1,473,621.60	2015-02-5	2016-12-31	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	879,526.08	2015-04-8	2016-1-21	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	2,968,200.00	2015-07-6	2016-12-31	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	20,000,000.00	2015-12-17	2016-12-16	
Jiangsu I-front Science & Technology Co., Ltd.	10,000,000.00	2015-11-20	2016-11-18	
Jiangsu I-front Science & Technology Co., Ltd.	1,000,000.00	2015-7-15	2016-1-15	
Jiangsu I-front Science & Technology Co., Ltd.	900,000.00	2015-12-4	2016-6-4	
Jiangsu I-front Science & Technology Co., Ltd.	10,000,000.00	2015-9-2	2016-8-28	
Jiangsu I-front Science & Technology Co., Ltd.	10,000,000.00	2015-9-28	2016-3-27	
Jiangsu I-front Science & Technology Co., Ltd.	20,000,000.00	2015-6-26	2016-5-30	
Jiangsu I-front Science & Technology Co., Ltd.	15,000,000.00	2015-3-9	2016-3-9	
Jiangsu I-front Science & Technology Co., Ltd.	136,250.00	2015-8-20	2016-2-20	
Jiangsu I-front Science & Technology Co., Ltd.	250,000.00	2015-8-20	2016-2-20	
Jiangsu I-front Science & Technology Co., Ltd.	250,000.00	2015-8-20	2016-2-20	
Jiangsu I-front Science & Technology Co., Ltd.	250,000.00	2015-8-20	2016-2-20	
Jiangsu I-front Science & Technology Co., Ltd.	250,000.00	2015-8-20	2016-2-20	
Jiangsu I-front Science & Technology Co., Ltd.	450,000.00	2015-8-27	2016-2-27	
Jiangsu I-front Science & Technology Co., Ltd.	160,000.00	2015-8-27	2016-2-27	
Jiangsu I-front Science & Technology Co., Ltd.	30,000.00	2015-8-27	2016-2-27	
Jiangsu I-front Science & Technology Co., Ltd.	211,500.00	2015-10-22	2016-4-22	
Jiangsu I-front Science & Technology Co., Ltd.	37,489.80	2015-10-22	2016-1-22	
Jiangsu I-front Science & Technology Co., Ltd.	50,974.98	2015-10-22	2016-1-22	
Jiangsu I-front Science & Technology Co., Ltd.	219,749.80	2015-10-22	2016-1-22	
Jiangsu I-front Science &	423,000.00	2015-10-22	2016-1-22	

Guarantee	Amount of the guarantee	Starting date of guarantee	Maturity Date of guarantee	Has the guarantee been performed
Technology Co., Ltd.				
Jiangsu I-front Science & Technology Co., Ltd.	100,000.00	2015-11-2	2016-2-2	
Jiangsu I-front Science & Technology Co., Ltd.	159,200.00	2015-11-2	2016-2-2	
Jiangsu I-front Science & Technology Co., Ltd.	2,671,773.12	2014-12-12	2016-06-12	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	2,351,359.30	2014-7-18	2017-7-18	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	1,282,692.53	2014-7-30	2016-1-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	4,345,680.00	2015-1-10	2016-2-29	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	7,915,200.00	2015-9-2	2016-8-20	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	1,659,383.20	2015-10-13	2017-2-15	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	7,400,000.00	2015-10-13	2016-10-13	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	3,037,713.12	2015-10-13	2016-10-13	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	866,800.00	2015-10-13	2016-9-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	1,733,600.00	2015-12-1	2016-6-1	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	5,062,200.00	2015-12-4	2016-5-31	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	183,866.76	2015-12-11	2016-6-11	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	6,700,000.00	2015-8-13	2016-8-12	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	2,228,000.00	2015-12-18	2016-6-18	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	5,035,046.50	2015-12-24	2016-1-24	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	75,000.00	2015-12-30	2016-1-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	12,750.00	2015-12-30	2016-1-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	55,860.00	2015-12-30	2016-1-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	1,000,000.00	2015-12-30	2016-1-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	30,000.00	2015-12-30	2016-3-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	58,500.00	2015-12-30	2016-3-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	75,000.00	2015-12-30	2016-3-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	27,180.00	2015-12-30	2016-3-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	126,000.00	2015-12-30	2016-3-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	438,487.39	2015-12-30	2016-3-30	Not performed

Guarantee	Amount of the guarantee	Starting date of guarantee	Maturity Date of guarantee	Has the guarantee been performed
Technology Co., Ltd.				
Jiangsu I-front Science & Technology Co., Ltd.	83,790.00	2015-12-30	2016-3-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	10,760.15	2015-12-30	2016-3-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	45,175.00	2015-12-30	2016-3-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	47,650.00	2015-12-30	2016-3-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	105,400.00	2015-12-30	2016-3-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	40,273.00	2015-12-30	2016-3-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	150,000.00	2015-12-30	2016-3-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	66,000.00	2015-12-30	2016-3-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	250,000.00	2015-12-30	2016-3-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	58,650.00	2015-12-30	2016-3-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	250,000.00	2015-12-30	2016-3-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	78,750.00	2015-12-30	2016-3-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	142,500.00	2015-12-30	2016-3-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	180,282.50	2015-12-30	2016-3-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	150,000.00	2015-12-30	2016-3-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	100,000.00	2015-12-30	2016-3-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	37,708.00	2015-12-30	2016-3-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	70,553.50	2015-12-30	2016-3-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	140,375.00	2015-12-30	2016-3-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	23,407.50	2015-12-30	2016-3-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	91,713.50	2015-12-30	2016-3-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	100,000.00	2015-12-30	2016-3-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	73,964.40	2015-12-30	2016-3-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	75,000.00	2015-12-30	2016-6-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	75,000.00	2015-12-30	2016-6-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	40,139.00	2015-12-30	2016-6-30	Not performed
Jiangsu I-front Science &	150,000.00	2015-12-30	2016-6-30	Not performed

Guarantee	Amount of the guarantee	Starting date of guarantee	Maturity Date of guarantee	Has the guarantee been performed
Technology Co., Ltd.				
Jiangsu I-front Science & Technology Co., Ltd.	146,755.00	2015-12-30	2016-6-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	180,000.00	2015-12-30	2016-6-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	76,250.00	2015-12-30	2016-6-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	37,462.50	2015-12-30	2016-6-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	150,000.00	2015-12-30	2016-6-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	100,000.00	2015-12-30	2016-6-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	31,999.50	2015-12-30	2016-6-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	750,000.00	2015-12-30	2016-6-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	29,000,000.00	2015-2-13	2016-2-12	Not performed
Shanghai Puge Electronics Co., Ltd.	38,699,648.18	2015-8-29	2016-8-28	Not performed
Shanghai Puge Electronics Co., Ltd.	32,266,726.32	2015-6-2	2016-6-2	Not performed
Shanghai Puge Electronics Co., Ltd.	51,946,847.57	2015-6-10	2016-6-9	Not performed
Shanghai Puge Electronics Co., Ltd.	6,958,190.98	2015-6-29	2016-6-28	Not performed
Datang Terminal Technology Co., Ltd.	18,300,000.00	2015-4-29	2016-4-30	Not performed
Datang Terminal Technology Co., Ltd.	20,000,000.00	2015-12-15	2016-6-15	Not performed
Datang Terminal Technology Co., Ltd.	5,000,000.00	2015-8-25	2016-4-30	Not performed
Leadcore Technology (Hong Kong) Co., Ltd.	48,702,000.00	2015-2-27	2016-2-26	Not performed
Leadcore Technology (Hong Kong) Co., Ltd.	51,948,800.00	2015-6-25	2016-6-2	Not performed
Leadcore Technology (Hong Kong) Co., Ltd.	32,468,000.00	2015-9-22	2016-9-21	Not performed
Datang Telecom (Hong Kong) Co., Ltd.	32,453,854.08	2015-9-9	2016-8-16	Not performed
Datang Telecom (Hong Kong) Co., Ltd.	1,000,000,000.00	2014-9-30	2017-9-30	Not performed

(2) **Guarantee provided by bank for the Company or any of its subsidiaries**

Guaranteed party	Guarantee amount	Starting date of guarantee	Expiry date of guarantee	Has the guarantee been performed
Datang Telecom Technology Co., Ltd.	315,897.00	2013-11-6	2016-1-31	Not performed
Datang Telecom Technology Co., Ltd.	343,858.00	2013-11-26	2016-10-31	Not performed
Datang Telecom Technology Co., Ltd.	800,000.00	2015-12-10	2016-4-15	Not performed

Guaranteed party	Guarantee amount	Starting date of guarantee	Expiry date of guarantee	Has the guarantee been performed
Datang Telecom Technology Co., Ltd.	105,072.30	2015-12-14	2017-12-2	Not performed
Datang Telecom Technology Co., Ltd.	320,995.00	2015-12-14	2017-12-2	Not performed
Datang Telecom Technology Co., Ltd.	1,211,987.40	2014-1-26	2016-3-23	Not performed
Datang Telecom Technology Co., Ltd.	1,211,987.40	2014-1-26	2017-3-23	Not performed
Datang Telecom Technology Co., Ltd.	1,211,987.40	2014-1-26	2018-3-23	Not performed
Datang Telecom Technology Co., Ltd.	1,211,987.40	2014-1-26	2019-3-23	Not performed
Datang Telecom Technology Co., Ltd.	53,277.60	2014-6-24	2016-5-29	Not performed
Datang Telecom Technology Co., Ltd.	231,433.90	2014-6-24	2016-5-29	Not performed
Datang Telecom Technology Co., Ltd.	120,098.70	2014-6-24	2016-5-29	Not performed
Datang Telecom Technology Co., Ltd.	119,401.60	2014-6-24	2016-5-29	Not performed
Datang Telecom Technology Co., Ltd.	237,781.40	2014-6-24	2016-5-29	Not performed
Datang Telecom Technology Co., Ltd.	109,741.90	2014-6-24	2016-5-29	Not performed
Datang Telecom Technology Co., Ltd.	14,400.00	2014-6-24	2017-1-31	Not performed
Datang Telecom Technology Co., Ltd.	83,198.50	2014-12-5	2016-11-30	Not performed
Datang Telecom Technology Co., Ltd.	214,948.00	2014-11-21	2016-9-30	Not performed
Datang Telecom Technology Co., Ltd.	202,462.50	2014-11-21	2016-11-30	Not performed
Datang Telecom Technology Co., Ltd.	582,649.00	2014-10-17	2017-7-8	Not performed
Datang Telecom Technology Co., Ltd.	238,000.00	2014-3-17	2016-4-6	Not performed
Datang Telecom Technology Co., Ltd.	562,500.00	2012-8-23	2017-10-19	Not performed
Datang Telecom Technology Co., Ltd.	312,500.00	2012-8-23	2017-10-19	Not performed
Datang Telecom Technology Co., Ltd.	752,748.00	2013-12-25	2017-12-16	Not performed
Datang Telecom Technology Co., Ltd.	900,000.00	2014-12-19	2016-7-1	Not performed
Datang Telecom Technology Co., Ltd.	166,137.50	2015-1-15	2017-12-22	Not performed
Datang Telecom Technology Co., Ltd.	191,700.00	2015-1-28	2016-1-28	Not performed
Datang Telecom Technology Co., Ltd.	75,000.00	2015-1-28	2016-1-28	Not performed
Datang Telecom Technology Co., Ltd.	296,713.80	2015-2-10	2016-2-10	Not performed
Datang Telecom Technology Co., Ltd.	357,750.00	2015-5-13	2018-6-30	Not performed
Datang Telecom	85,000.00	2013-6-8	2017-6-28	Not performed

Guaranteed party	Guarantee amount	Starting date of guarantee	Expiry date of guarantee	Has the guarantee been performed
Technology Co., Ltd.				
Datang Telecom Technology Co., Ltd.	248,400.00	2013-11-15	2016-10-16	Not performed
Datang Telecom Technology Co., Ltd.	87,481.50	2013-11-28	2016-10-16	Not performed
Datang Telecom Technology Co., Ltd.	667,800.00	2013-11-25	2017-10-31	Not performed
Datang Telecom Technology Co., Ltd.	203,000.00	2014-1-15	2016-12-4	Not performed
Datang Telecom Technology Co., Ltd.	1,330,800.00	2013-11-28	2016-10-16	Not performed
Datang Telecom Technology Co., Ltd.	145,500.00	2015-10-13	2016-1-29	Not performed
Datang Telecom Technology Co., Ltd.	34,300.00	2015-10-13	2016-10-13	Not performed
Datang Telecom Technology Co., Ltd.	123,070.50	2015-10-30	2018-7-1	Not performed
Datang Telecom Technology Co., Ltd.	63,076.00	2015-11-5	2017-11-4	Not performed
Datang Telecom Technology Co., Ltd.	65,100.00	2015-11-5	2016-10-26	Not performed
Datang Telecom Technology Co., Ltd.	800,000.00	2015-11-10	2016-3-19	Not performed
Datang Telecom Technology Co., Ltd.	667,800.00	2015-11-26	2016-10-31	Not performed
Datang Telecom Technology Co., Ltd.	205,500.00	2015-12-8	2018-8-7	Not performed
Datang Telecom Technology Co., Ltd.	100,000.00	2015-12-15	2016-6-30	Not performed
Datang Telecom Technology Co., Ltd.	100,000.00	2015-12-15	2016-6-30	Not performed
Datang Telecom Technology Co., Ltd.	100,000.00	2015-12-15	2016-6-30	Not performed
Datang Telecom Technology Co., Ltd.	100,000.00	2015-12-15	2016-6-30	Not performed
Datang Telecom Technology Co., Ltd.	100,000.00	2015-12-15	2016-6-30	Not performed
Datang Telecom Technology Co., Ltd.	100,000.00	2015-12-15	2016-6-30	Not performed
Datang Telecom Technology Co., Ltd.	228,000.00	2015-12-25	2016-12-31	Not performed
Datang Telecom Technology Co., Ltd.	32,000.00	2013-5-8	2016-2-10	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	3,265,776.80	2014-9-5	2016-9-5	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	5,432,100.00	2015-1-28	2016-2-29	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	2,456,036.00	2015-2-5	2016-12-31	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	2,931,753.60	2015-4-8	2016-1-21	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	4,947,000.00	2015-7-6	2016-12-31	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	3,339,716.40	2014-12-12	2016-6-12	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	2,939,199.12	2014-7-18	2017-7-18	Not performed

Guaranteed party	Guarantee amount	Starting date of guarantee	Expiry date of guarantee	Has the guarantee been performed
Jiangsu I-front Science & Technology Co., Ltd.	1,832,417.90	2014-7-30	2016-1-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	5,432,100.00	2015-1-10	2016-2-29	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	9,894,000.00	2015-9-2	2016-8-20	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	2,074,229.00	2015-10-13	2017-2-15	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	9,250,000.00	2015-10-13	2016-10-13	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	3,797,141.40	2015-10-13	2016-10-13	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	1,083,500.00	2015-10-13	2016-9-30	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	2,167,000.00	2015-12-1	2016-6-1	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	6,327,750.00	2015-12-4	2016-5-31	Not performed
Jiangsu I-front Science & Technology Co., Ltd.	229,833.45	2015-12-11	2016-6-11	Not performed

(3) Litigation

- 1) The subsidiary Datang Software Technology Co., Ltd v. Tianjin Lantian Power Source Co., Ltd. (default payment for goods totaling RMB 30,832,822.28) was accepted on September 13, 2013 and heard by the People's Court of Haidian District, Beijing on December 4, 2014 under the Civil Procedure Law of the People's Republic of China. HMCZ No.24614 (2013) civil judgment of the People's Court of Haidian District ordered the defendant Tianjin Lantian Power Source Co., Ltd. to pay the payment for goods and the interest thereon within 10 days after the judgment comes into force. After the first instance judgment, Tianjin Lantian Power Source Co., Ltd lodges an appeal and such appeal is accepted by the First Intermediate People's Court of Beijing on June 18, 2015. On October 20, 2015, the First Intermediate People's Court of Beijing upholds the first instance judgment, hence Tianjin Lantian Power Source Co., Ltd was ordered to pay the payment for goods totaling RMB 29,837,012 and interest thereon (involving the interest of RMB 995,810.28 plus the interest based on the default of RMB 29,837,012 at the bank loan benchmark interest rate from August 26, 2013 to the date of actual performance; or the double interest from the expiry date of legal performance in case of failure to perform within the prescribed time limit) within ten days after the judgment comes into force. As Tianjin Lantian Power Source Co., Ltd. fails to perform the payment obligation within the prescribed time limit, Datang Software filed an application to the court for enforcement on November 12, 2015. As at financial report date, Tianjin Lantian Power Source Co., Ltd. was enforced to pay RMB 6,550,000.00 in cash.
- 2) The subsidiary Datang Software Technology Co., Ltd. V. Beijing Yizi Investment Guarantee Co., Ltd. (default payment for goods totaling RMB **55,225,897.00**) was accepted by the First Intermediate People's Court of Beijing on June 18, 2015 under the Civil Procedure Law of the People's Republic of China and heard on September 15, 2015 for the first trial and February 25, 2016 for the second trial. On March 17, 2016, (2015)ZM(Shang)CZ No. 5781civil judgment of the First Intermediate People's Court of Beijing ruled the "termination" of this case.

- 3) The subsidiary Datang Software Technology Co., Ltd. V. Jiulong County Jili Hydropower Development Co., Ltd. (default payment for goods totaling RMB **78,188,749.00**) was accepted by the First Intermediate People's Court of Beijing under the Civil Procedure Law of the People's Republic of China on October 14, 2015. As at the reporting date, this case was not heard.
- 4) The subsidiary Datang Telecom (Chengdu) Information Technology Co., Ltd. V. Yangling Agricultural University biorational pesticide research service center (default payment for goods totaling RMB **33,024,470.00**) was accepted by the Intermediate People's Court of Chengdu, Sichuan under the Civil Procedure Law of the People's Republic of China on December 28, 2015. As at the financial report date, this case was not heard.
- 5) The Subsidiary Beijing Datang Zhicheng Software Technology Co., Ltd. V. Beijing Jia Lian Zhong Hui Technology Co., Ltd. (default payment for goods totaling RMB **9,203,901.60**) was accepted by the People's Court of Haidian District, Beijing under the Civil Procedure Law of the People's Republic of China on October 8, 2015. On January 14, 2016, the People's Court of Haidian District, Beijing ruled (2015) HM(Shang) CZ No.36747 civil mediation. After the mediation by the court, the two parties reach an agreement on the settlement. As Beijing Jia Lian Zhong Hui Technology Co., Ltd. fails to perform the civil mediation, Beijing Datang Zhicheng Software Technology Co., Ltd filed an application to the People's Court of Haidian District, Beijing for enforcement of the due part that was not performed.
- 6) The subsidiary Datang Software Technology Co., Ltd. v. Wuxi Huishan Software Industry Development Co., Ltd. (default payment for goods totaling RMB **6,500,000.00**) was accepted by the People's Court of Huishan District, Wuxi, Jiangsu on September 9, 2015 under the Civil Procedure Law of the People's Republic of China. The People's Court of Huishan District, Wuxi heard this case October 9, 2015 for the first instance judgment and Wuxi Huishan Software Industry Development Co., Ltd. lodged an appeal on September 28, 2015. The People's Court of Huishan District, Wuxi heard this case November 3, 2015 for the second instance judgment and rejected the counterclaim by reason of "violation of grade jurisdiction". On November 4, 2015, Wuxi Huishan Software Industry Development Co., Ltd. filed a lawsuit against Datang Software Technology Co., Ltd. to the Intermediate People's Court of Wuxi, Jiangsu. The court accepted this case taking the technical commissioned development contract dispute as the case cause. On December 2, 2015, the People's Court of Wuxi ruled the "suspension" of this civil litigation.
- 7) The subsidiary Xi 'an Datang Telecom Co., Ltd. V. Xianxi District Qinhan New City Management Committee, Shaanxi Province (default payment for goods totaling RMB **70,115,122.84**) was accepted by the Intermediate People's Court of Xianyang City, Shaanxi Province on December 4, 2015 under the Civil Procedure Law of the People's Republic of China. On March 16, 2016, the Intermediate People's Court of Xianyang City heard this case. As at the financial report date, both parties reach an agreement on the conclusion of the settlement agreement as a result of the mediation by the court.
- 8) **In addition to the aforementioned 7 lawsuits, the Company is involved in 12 lawsuits totaling RMB19,865,444.35 in 2015, comprising 6 lawsuits lodged by the Company or any of its subsidiary against customers totaling RMB9,114,616.40 and 6 lawsuits lodged against the Company or any of its subsidiary totaling RMB10,750,827.95. As at the date of approval for disclosure of this financial statements, 12 lawsuits were ruled, mediated or to be heard.**

XIII Post balance sheet events

NONE

XIV Other significant events

NONE

XV Notes to the main items of the financial statements of the parent company**1 Accounts receivable****(1) Disclosure of accounts receivable by type**

Unit: Yuan

Currency: RMB

Category	Balance at the end of the period				
	Book balance		Provision for bad debt		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with significant single amount and individual provision for bad debts	127,800,000.00	21.57	25,560,000.00	20.00	102,240,000.00
Accounts receivable with provision for bad debts accrued by credit risk features portfolio:	464,821,246.26	78.43	101,594,634.38		363,226,611.88
Portfolio 1: with significant single amount and low portfolio risk	202,534,488.73	34.17	1,846,000.00	0.91	200,688,488.73
Portfolio 2: with non-significant single amount and low portfolio risk					
Portfolio 3: Portfolio exposed to many risks	262,286,757.53	44.26	99,748,634.38	38.03	162,538,123.15
Sub-total of portfolio	464,821,246.26	78.43	101,594,634.38		363,226,611.88
Accounts receivable with individually insignificant amount and individual provision for bad debt					
Total	592,621,246.26	100.00	127,154,634.38	/	465,466,611.88

Category	Balance at the beginning of the period				
	Book balance		Provision for bad debt		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with significant single amount and					

Category	Balance at the beginning of the period				
	Book balance		Provision for bad debt		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
individual provision for bad debts					
Accounts receivable with provision for bad debts accrued by credit risk features portfolio:	736,758,737.73	99.22	77,179,224.47		659,579,513.26
Portfolio 1: Provisions for bad debt accrued under aging analysis method	366,880,729.15	49.41			366,880,729.15
Portfolio 2: Provision for bad debts accrued based on portfolios	28,908,990.01	3.89			28,908,990.01
Portfolio 3: Portfolio with exposure to larger risk	340,969,018.57	45.92	77,179,224.47	22.64	263,789,794.10
Sub-total of portfolio	736,758,737.73	99.22	77,179,224.47		659,579,513.26
Accounts receivable with individually insignificant amount and individual provision for bad debt	5,770,989.51	0.78	5,770,989.51	100.00	
Total	742,529,727.24	100.00	82,950,213.98		659,579,513.26

Significant accounts receivable with individual provision for bad debt as at the end of the period:

√ Applicable □ Not applicable

Accounts receivable (by unit)	Unit: Yuan Currency: RMB			
	Balance at the end of the period			
	Accounts receivable	Provision for bad debt	Percentage of provision	Reason for provision
Hunan Broad Link High-tech Co., Ltd.	127,800,000.00	25,560,000.00	20.00	Expected high recovery risk of some receivables
Total	127,800,000.00	25,560,000.00	/	/

In the portfolio, accounts receivable with bad debt provided using the aging analysis:

√ Applicable □ Not applicable

Unit: Yuan

Currency: RMB

Aging	Balance at the end of the period		
	Accounts receivable	Provision for bad debt	Percentage of provision
Within 1 year (including 1 year)	64,476,179.12	148,786.29	0.5
1-2 years (including 2 years)	148,645,817.23	2,278,070.81	2
2-3 years (including 3 years)	95,653,977.02	1,818,770.02	5
3-4 years (including 4 years)	10,561,643.95	2,815,290.13	30
4-5 years (including 5 years)	30,045,718.64	13,630,508.85	50
Over 5 years	115,437,910.30	80,903,208.28	100
Total	464,821,246.26	101,594,634.38	

(2) **Provision for bad debts of withdrawal, recovery or reserving in the current period:**

The provision for bad debts in the current period amounted to RMB 44,204,420.40.

(3) **Details of accounts receivable of the top five of the balance at the end of the period collected according to the borrowers:**

Unit: Yuan

Currency: RMB

Company name	Accounts receivable	Proportion in total accounts receivable (%)	Provision for bad debt
No. 1	127,800,000.00	21.57	25,560,000.00
No. 2	92,300,000.00	15.57	1,846,000.00
No. 3	47,053,658.23	7.94	
No. 4	31,799,772.86	5.37	
No. 5	31,381,057.64	5.30	
Total	330,334,488.73	55.75	27,406,000.00

2 **Other receivables**

(1) **Classified disclosure of other receivables:**

Unit: Yuan

Currency: RMB

Category	Balance at the end of the period				Book value
	Book balance		Provision for bad debt		
	Amount	Proportion (%)	Amount	Proportion (%)	
Significant other receivables with individual provision for bad debts accrued by credit risk features portfolio:	2,301,049,579.27	99.74	28,996,673.74		2,272,052,905.53
Portfolio 1: Provisions for bad debt accrued under aging analysis method	2,050,146,676.06	88.86			2,050,146,676.06
Portfolio 2: Provision for bad debts accrued based on portfolios					

Category	Balance at the end of the period				
	Book balance		Provision for bad debt		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Portfolio 3: Portfolio with exposure to larger risk	250,902,903.21	10.88	28,996,673.74	11.56	221,906,229.47
Sub-total of portfolio	2,301,049,579.27	99.74	28,996,673.74		2,272,052,905.53
Other receivables with individually insignificant amount and individual provision for bad debt	5,938,848.75	0.26	5,938,848.75	100.00	
Total	2,306,988,428.02	100.00	34,935,522.49	/	2,272,052,905.53

Category	Balance at the beginning of the period				
	Book balance		Provision for bad debt		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with individually significant amount and individual provision for bad debts					
Other receivables with provision for bad debts accrued by credit risk features portfolio:	2,481,824,085.45	99.00	3,766,122.59		2,478,057,962.86
Portfolio 1: receivables with significant single amount and exposure to small portfolio risk	2,228,922,711.16	88.91			2,228,922,711.16
Portfolio 2: receivables with insignificant single amount and exposure to small portfolio risk	211,916,271.16	8.45			211,916,271.16
Portfolio 3: Portfolio with exposure to larger risk	40,985,103.13	1.64	3,766,122.59	9.19	37,218,980.54
Sub-total of portfolio	2,481,824,085.45	99.00	3,766,122.59		2,478,057,962.86

Category	Balance at the beginning of the period				Book value
	Book balance		Provision for bad debt		
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with individually insignificant amount and individual provision for bad debt	25,141,350.50	1.00	25,141,350.50	100.00	
Total	2,506,965,435.95	100.00	28,907,473.09		2,478,057,962.86

Other receivables for which bad debt provided using the aging analysis method in the portfolio:

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Aging	Balance at the end of the period		
	Other receivable	Provision for bad debt	Percentage of provision (%)
Within 1 year	1,736,018,376.34	29,171.28	0.5
1-2 years	127,465,369.02	90,826.80	2
2-3 years	51,223,966.53	879,506.56	5
3-4 years	346,648,077.19	747,578.43	30
4-5 years	12,580,830.74	190,891.44	50
Over 5 years	27,112,959.45	27,058,699.23	100
Total	2,301,049,579.27	28,996,673.74	

Account receivable (by unit)	Balance at the end of the period			
	Account receivable	Provision for bad debt	Percentage of provision (%)	Reason for provision
Accounts receivable within aging of over 5 years	5,938,848.75	5,938,848.75	100.00	Expected to be irrecoverable
Total	5,938,848.75	5,938,848.75	100.00	

(2) **Provision for bad debts of withdrawal, recovery or reserving in the current period:**

The provision for bad debts in the current period amounted to RMB 6,028,049.40.

(3) **Collection of top five other receivables in terms of their ending balance**

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Company name	Nature of fund	Balance at the end of the period	Aging	Proportion in balance of total other receivables at the end of the period (%)	Balance of provision for bad debt at the end of the period
No. 1	Current account	962,697,038.55	Within 5 years	41.73	
No. 2	Current account	800,788,282.56	Within 4 years	34.71	
No. 3	Current account	124,195,300.66	Within 2 years	5.38	
No. 4	Current account	99,227,692.60	Within 3 years	4.30	
No. 5	Current account	63,238,361.69	Within 3 years	2.74	
Total	/	2,050,146,676.06	/	88.86	

3 Long-term equity investments

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Balance at the end of the period			Balance at the beginning of the period		
	Book balance	Impairment Vintage	Book value	Book balance	Impairment Vintage	Book value
Investments in subsidiaries	4,459,855,201.49		4,459,855,201.49	4,365,571,877.74		4,365,571,877.74
Investments in joint ventures and associates	357,150,451.12		357,150,451.12	187,737,552.82		187,737,552.82
Total	4,817,005,652.61		4,817,005,652.61	4,553,309,430.56		4,553,309,430.56

(1) Investments in subsidiaries

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Investee	Balance at the beginning of the period	Increase of current period	Decrease of current period	Balance at the end of the period	Provision for impairment in the current period	Ending balance of provision for impairment
Datang Software Technologies Co., Ltd.	101,665,313.48			101,665,313.48		
Xi'an Datang Telecom Technology Co., Ltd.	708,220,762.60			708,220,762.60		
Datang Telecom (Tianjin) Technical Service Co., Ltd.	24,656,356.09			24,656,356.09		
DATANG Terminal Equipment Co., Ltd.	10,000,000.00	184,000,000.00		194,000,000.00		
Xinhua Ruide (Beijing) Network Technology Co., Ltd.	40,000,000.00		40,000,000.00			
Datang Telecom (H.K.) Limited	106,421.70			106,421.70		
Datang Telecom (Chengdu) Information Technology Co., Ltd.	80,000,000.00			80,000,000.00		
Datang Telecom (Nanjing) Energy-saving & Information Technology Co., Ltd.	50,000,000.00			50,000,000.00		
Jiangsu I-front Science & Technology Co., Ltd.	147,374,500.00			147,374,500.00		
Beijing Datang Smart Card Technology Co., Ltd.	73,700,000.00		73,700,000.00			
Datang Innohub (Beijing) Co., Ltd.	10,000,000.00			10,000,000.00		
Datang Semiconductor Design Co., Ltd.	1,411,687,388.87			1,411,687,388.87		
Datang NXP Semiconductors Co. Ltd.	27,416,835.00	23,983,323.75		51,400,158.75		
Guangzhou Yaowan Entertainment Network Technology Co. Ltd.	1,680,744,300.00			1,680,744,300.00		
Total	4,365,571,877.74	207,983,323.75	113,700,000.00	4,459,855,201.49		

(2) Investments in joint ventures and associates

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Investor	Balance at the beginning of the period	Increase or decrease in the current period								Balance at the end of the period	Ending balance of provision for impairment
		Additional investment	Decrease in investment	Gain or loss on investment recognized under the equity method	Adjustment to other comprehensive income	Other change in equity	Cash dividend or profit declared	Provision for impairment	Others		
1. Joint ventures											
Sub-total											
2. Associates											
Datang Telecom (Tianjin) Science and Technology Industrial Park Co., Ltd.	34,116,353.58			-6,778,776.67						27,337,576.91	
Chengdu Datang Cable Co., Ltd.	76,120,071.52			8,597,205.80						84,717,277.32	
Beijing Datang Technology Development Co., Ltd.	8,187,066.21			-494,623.79						7,692,442.42	
Datang Telecom Investment Co., Ltd.	44,303,581.90			697,254.73						45,000,836.63	
Xi'an Datang Monitoring Technology Co., Ltd.	13,409,689.19			-535,797.41						12,873,891.78	
365IME (Beijing) Network Technology Co., Ltd.	7,581,940.02		6,747,560.70	-834,379.32							
Nanjing Yunke Equity Investment Fund Management	4,018,850.40			43,217.43						4,062,067.83	

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Investor	Balance at the beginning of the period	Increase or decrease in the current period								Balance at the end of the period	Ending balance of provision for impairment
		Additional investment	Decrease in investment	Gain or loss on investment recognized under the equity method	Adjustment to other comprehensive income	Other change in equity	Cash dividend or profit declared	Provision for impairment	Others		
Co., Ltd.											
Xinhua Ruide (Beijing) Network Technology Co., Ltd.		132,896,459.22		3,209,000.28						136,105,459.50	
Beijing Datang Smart Card Technology Co., Ltd.		14,356,619.30								14,356,619.30	
Datang Zhongke Innovation Investment Partnership (limited partnership)		25,000,000.00		4,279.43						25,004,279.43	
Sub-total	187,737,552.82	172,253,078.52	6,747,560.70	3,907,380.48						357,150,451.12	
Total	187,737,552.82	172,253,078.52	6,747,560.70	3,907,380.48						357,150,451.12	

4 Operating income and operating costs

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Income	Cost	Income	Cost
Principal activity	176,880,139.62	171,708,653.34	436,553,642.43	420,467,286.59
Other business	27,423,896.18	3,630,628.56	24,987,970.82	5,253,457.94
Total	204,304,035.80	175,339,281.90	461,541,613.25	425,720,744.53

5 Investment income

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Long-term equity investment income calculated by cost method	101,908,465.97	251,111,965.13
Long-term equity investment income calculated under equity method	3,907,380.48	-5,102,801.18
Gains on disposal of long-term equity investment	325,512,675.11	
Investment income from financial assets measured at fair value through current profit and loss during the holding period		
Investment income on the disposal financial assets measured at fair value through current profit and loss		
Investment income from held-to-maturity investments during the holding period		
Investment income from held-for-sale financial assets during the holding period	25,622.63	
Gains on disposal of available-for-sale financial assets		
Gains on remeasurement of remaining equities at fair value, after the loss of control		
Others		2,557,725.52
Total	431,354,144.19	248,566,889.47

XVI Supplementary information**1 Detailed statement of current non-recurring profit and loss**

Unit: Yuan Currency: RMB

Item	Amount	Explaining
Gains or losses on disposal of non-current assets	23,861,250.60	
Tax refund, deduction or exemption with unauthorized approval or without formal documents of approval		
Government grants included in current profits and losses (except for government grants closely related to the enterprise business, obtained by quota or quantity at unified state standards)	261,983,604.27	
Fund occupancy expenses collected from non-financial enterprises and included in the current profit and loss	28,427,623.69	
Gains from the difference between the investment costs of acquisition of subsidiaries, associates and joint ventures and		

Item	Amount	Explaining
share in the net fair value of the identifiable assets of the investee when acquired		
Gains or losses from non-monetary assets exchange		
Gains or losses from commissioned investment or management on assets	4,556,743.57	
Provisions for asset impairment due to force majeure, such as natural disasters		
Gains or losses from debts restructuring		
Enterprise reorganizing expenses, such as employee accommodation costs and integration expenses		
Gains or losses from excess over fair value due to obvious unfair transaction price		
Current net gains or losses of subsidiaries acquired through business combination under common control from the beginning of current period till the date of consolidation		
Gains or losses on contingencies irrelevant to the Company's normal businesses		
Gains or losses on change in fair value of trading financial assets and trading financial liabilities held other than the effective hedging relating to normal operation, and investment income from disposal of trading financial assets, trading financial liabilities and available-for-sale financial assets		
Reversal of provisions for impairment of accounts receivable tested for impairment separately		
Gains or losses from external consigned loans		
Gains or losses on changes in fair value of investment property measured subsequently at fair value		
Effect on current profit and losses of one-off adjustments to the current profit and loss in accordance with the requirements of laws and regulations regarding taxation or accounting		
Consigning income acquired from consigned operation		
Other non-operating income and costs other than above items	4,081,408.19	
Profit and loss of other items conforming to the definition of non-recurring gains and losses	458,729,843.30	
Effect of income tax	-36,198,105.09	
Effect of minority equity	-10,875,570.56	
Total	734,566,797.97	

As for the items of non-recurring profit or loss defined under the Explanatory Announcement No.1 on the Information Disclosure by Companies Publicly Offering Securities - Non-recurring Profit or loss, and the items of non-recurring profit or loss defined as items of recurring profit and loss and specified by the Explanatory Announcement No.1 on the Information Disclosure by Companies Publicly Offering Securities - Non-recurring Profit or loss, reasons shall be given.

		Unit: Yuan	Currency: RMB
Item	Amount involved	Why	
NONE			

2 Rate of return on net assets and earnings per share:

Profit during the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	0.7034	0.0322	0.0322
Net profit attributable to ordinary shareholders of the Company after deducting the non-recurring profit and loss	-17.4626	-0.8005	-0.8005

3 Others
None**Section 12 Directory of Reference Files**

Directory of reference files	Financial statements bearing the signature of and seal by the responsible person of the Company, the person in charge of accounting affairs, the head of the accounting department (accounting director).
Directory of reference files	Original copy of the Auditors' Report bearing the seal of the accounting firm and the name and seal of certified public accounts.
Directory of reference files	Original copy of all corporate files and script of the announcement disclosed during the reporting period on the website designated by the CSRC

Chairman: Cao Bin

Date for submission as approved by the board of directors: April 23, 2016