

DATANG TELECOM (H.K.) LIMITED.
Annual report for 2015

I Company Profile

Datang Telecom (H.K.) Limited (hereinafter referred to as the “Company”) is a wholly-owned subsidiary of Datang Telecom Technology Co., Ltd. (hereinafter referred to as “Datang Telecom”) incorporated in Hong Kong according to the resolution of the 23rd meeting of the first board of directors and the WJMH [2002] No.764 approval of the original Ministry of Foreign Trade and Economic Cooperation. Company Limited contributed investment using intangible assets and the Company’s registered capital is HKD 100,000.00.

On August 25, 2014, the Company incorporated a wholly-owned subsidiary, Datang Telecom (H.K.) Holding Limited, with a registered capital of USD 1.00. In December 2014, the Company purchased from Datang Telecom Technology Co., Ltd 100% share of Datang Terminal Technology Co., Ltd with RMB 600 million.

As of December 31, 2015, the Company issued 100,000 shares in total and had a registered capital of HKD 100,000.00. Hong Kong laws do not provide specific descriptions of the Company’s business scope. The Company’s business operations are limited to electronic and communication equipment; system integration, technological development, technology transfer, technology consulting, technical services, research and development and sales as related to electronic computer software and hardware and external devices; and information service. The Company is mainly engaged in research and development, manufacturing and sales of electronic commerce system platform. The Company is registered and headquartered in Unit D, 12/F, Seabright, plaza, 9-23 shell street, north point, HK.

II Main Financial Data

1 Financial statements

Datang Telecom (H.K.) Limited.
Consolidated Balance Sheet
December 31, 2015

(The monetary unit is RMB unless otherwise specified)

Assets	12/31/2015	12/31/2014
Current assets		
Cash and cash equivalents	110,587,001.12	117,867,223.41
Settlement provision		
Inter-bank lending		
Financial assets at fair value through the profit and loss account		
Derivative financial assets		
Notes receivable		800,000.00
Accounts receivable	409,121,778.58	421,072,068.46
Prepayments	125,847,712.46	89,734,392.45
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserves receivable		
Interest receivable		
Dividends Receivable		
Other Receivables	49,534,800.93	80,080,744.25
Redemptory monetary capital for sale		
Inventories	846,060,053.70	555,589,819.59
Assets divided as assets held for sale		
Non-current assets due within one year		
Other current assets	47,926,140.06	
Total current assets	1,589,077,486.85	1,265,144,248.16
Non-current assets		
Release of loans and advances		
Available-for-sale financial assets		

Assets	12/31/2015	12/31/2014
Held-to-maturity investments		
Long-term receivables	110,000,000.00	110,000,000.00
Long-term equity investments		
Investment properties		
Fixed assets	63,575,191.03	64,839,425.74
Construction in progress		
Engineering materials		
Disposition of fixed assets		
Productive biological assets		
Oil and gas assets		
Intangible assets	7,687,728.32	11,271,824.51
Development expenditure	22,993,606.44	3,813,991.29
Goodwill	142,693,892.59	159,065,937.59
Long-term prepaid expenses	1,050,775.31	1,055,417.06
Deferred income tax assets	4,855,653.15	1,418,280.87
Other non-current assets		
Total non-current assets	352,856,846.84	351,464,877.06
Total assets	1,941,934,333.69	1,616,609,125.22

DATANG TELECOM (H.K.) LIMITED.

Consolidated Balance Sheet (Continued)

December 31, 2015

(The monetary unit is RMB unless otherwise specified)

Liabilities and owners' equity	12/31/2015	12/31/2014
Current liabilities:		
Short-term borrowings	241,125,267.13	197,319,748.58
Borrowings from the Central Bank		
Deposits taking and inter-bank placement		
Inter-bank borrowings		
Financial liabilities at fair value through the profit and loss account		
Derivative financial liabilities		
Notes payable		
Accounts payable	434,513,156.29	223,440,220.11
Advance collections	127,426,534.03	36,914,639.72
Financial assets sold for repurchase		
Commissions and fees payable		
Payroll payable	386,964.92	220,021.32
Taxes and surcharges payable	9,227,204.79	-8,273,390.74
Interest payable	15,388,834.44	13,687,367.82
Dividends payable		43,000,000.00
Other payables	83,015,267.95	72,751,505.03
Reinsurance accounts payable		
Provision for insurance contracts		
Acting trading securities		
Acting underwriting securities		
Liabilities divided as liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	911,083,229.55	579,060,111.84
Non-current liabilities		
Long-term borrowings		
Bonds payable	994,883,934.85	988,062,220.35
In which: Preferred shares		
Perpetual capital securities		
Long-term payables	21,000,000.00	13,000,000.00
Long-term payroll payable		

Liabilities and owners' equity	12/31/2015	12/31/2014
Specific payables		
Estimated liabilities		
Deferred revenue	962,073.56	1,632,001.22
Deferred income tax liabilities	165,222.85	372,741.54
Other non-current liabilities		
Total non-current liabilities	1,017,011,231.26	1,003,066,963.11
Total liabilities	1,928,094,460.81	1,582,127,074.95
Owners' equity:		
Share capital	106,101.70	106,101.70
Other equity instruments		
In which: Preferred shares		
Perpetual capital securities		
Capital reserve	32,665,783.21	9,265,783.21
Less: Treasury stock		
Other comprehensive income	-3,646,218.83	1,650,501.12
Special reserves		
Surplus reserves	15,780,781.51	15,780,781.51
General risk reserves		
Undistributed profits	-31,066,574.71	7,678,882.73
Total equities attributable to the equity holders of the parent company	13,839,872.88	34,482,050.27
Minority interests		
Total owner's equities	13,839,872.88	34,482,050.27
Total of liabilities and owners' equity	1,941,934,333.69	1,616,609,125.22

DATANG TELECOM (H.K.) LIMITED.

Balance Sheet

December 31, 2015

(The monetary unit is RMB unless otherwise specified)

Assets	12/31/2015	12/31/2014
Current assets		
Cash and cash equivalents	38,897,749.71	37,130,884.41
Financial assets at fair value through the profit and loss account		
Derivative financial assets		
Notes receivable		
Accounts receivable	126,436,556.37	135,300,816.08
Advances to suppliers	66,540,720.94	9,680,824.56
Interests Receivable		
Dividends Receivable		
Other Receivables	73,623,190.96	91,020,086.86
Inventories	151,546,914.06	131,522,506.70
Assets divided as assets held for sale		
Non-current assets maturing within one year		
Other current assets		
Total current assets	457,045,132.04	404,655,118.61
Non-current assets		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivables	110,000,000.00	110,000,000.00
Long-term equity investments	624,894,280.84	624,894,280.84
Investment property		
Fixed assets		
Construction in progress		
Project materials		
Disposal of fixed assets		
Productive biological assets		
Oil and gas assets		

Assets	12/31/2015	12/31/2014
Intangible assets		
Development expenditure		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets		
Other non-current assets		
Total non-current assets	734,894,280.84	734,894,280.84
Total assets	1,191,939,412.88	1,139,549,399.45

Datang Telecom (H.K.) Limited.
Balance Sheet (Continued)
December 31, 2015
(The monetary unit is RMB unless otherwise specified)

Liabilities and owners' equity	2015	2014
Current liabilities		
Short-term borrowings	32,453,854.08	
Financial liabilities at fair value through the profit and loss account		
Derivative financial liabilities		
Notes payable		
Accounts payable	123,173,211.83	98,316,380.69
Advances from customers	34,930,741.63	3,821,858.56
Employee compensation payable		
Taxes and surcharges payable		
Interests payable	13,750,000.00	13,687,367.82
Dividends payable		
Other payables	190,511.93	179,521.76
Liabilities divided as liabilities held for sale		
Non-current liabilities maturing within one year		
Other current liabilities		
Total current liabilities	204,498,319.47	116,005,128.83
Non-current liabilities		
Long-term borrowings		
Bonds payable	994,883,934.85	988,062,220.35
In which: Preferred shares		
Perpetual capital securities		
Long-term payables		
Long-term payroll payable		
Special payables		
Estimated liabilities		
deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	994,883,934.85	988,062,220.35
Total liabilities	1,199,382,254.32	1,104,067,349.18
Owners' equity:		
Share capital	106,101.70	106,101.70
Other equity instruments		
In which: Preferred shares		
Perpetual capital securities		
Capital reserve	24,894,274.69	24,894,274.69
Less: Treasury stock		
Other comprehensive income	-3,646,218.83	1,650,501.12
Special reserves		
Surplus reserves		
Undistributed profit	-28,796,999.00	8,831,172.76
Total owner's equities	-7,442,841.44	35,482,050.27

Liabilities and owners' equity	2015	2014
Total of liabilities and owners' equity	1,191,939,412.88	1,139,549,399.45

DATANG TELECOM (H.K.) LIMITED.
Consolidated Income Statement
for 2015
(The monetary unit is RMB unless otherwise specified)

Item	2015	2014
I. Total operating income	3,161,146,191.42	1,883,757,360.47
In which: Operating income	3,161,146,191.42	1,883,757,360.47
Interest income		
Premiums earned		
Fee and commission income		
II. Total operating costs	3,196,671,351.32	1,795,607,530.43
In which: Operating costs	2,965,098,626.98	1,662,822,277.22
Interest expenses		
Fee and commission expenditure		
Surrender value		
Net payment for claims		
Withdrawn net reinsurance contract provision		
Policy bonus expenditure		
Reinsurance expenses		
Business taxes and surcharges	2,958,392.42	3,682,298.14
Selling expenses	26,323,634.22	17,600,334.50
Management expenses	98,377,858.78	81,199,806.54
Financial expenses	71,285,630.06	25,766,615.27
Asset impairment loss	32,627,208.86	5,536,198.76
Plus: Gains on the changes in the fair value (loss expressed with "-")		
Investment income (loss expressed with "-")		
In which: Income from investment on associated enterprise and joint venture		
Exchange gains/(losses) (loss expressed with "-")		
III. Operating profit (loss expressed with "-")	-35,525,159.90	87,149,830.04
Plus: Non-operating income	6,584,770.40	17,039,234.76
In which: Gains from disposal of non-current assets	12,045.00	
Less: Non-operating expenses	407,646.97	82.54
In which: Losses from disposal of non-current assets	305,649.82	
IV. Gross profit (total loss expressed with "-")	-29,348,036.47	104,188,982.26
Less: Income tax expenses	9,397,420.97	17,624,045.79
V. Net profit (net loss expressed with "-")	-38,745,457.44	86,564,936.47
Net profit attributable to the owners of the parent company	-38,745,457.44	86,564,936.47
Profit and loss of minority shareholders		
VI. Net of tax of other comprehensive income	-5,296,719.95	3,681,255.64
Net of tax of other comprehensive income attributable to the owners of the parent company		
(1) Other comprehensive income that can't be classified into the profits and losses		
1. Changes in net liabilities and capitals in case of remeasurement & resetting of benefit plan		
2. The share in other comprehensive income that can't be classified into the profits and losses in the invested company under the equity method	-5,296,719.95	3,681,255.64
(2) Other comprehensive income that will be reclassified into the profits and losses in the future		
1. The share in other comprehensive income that will be classified into the profits and losses in the invested company under the equity method		
2. Gains and losses from changes in fair value of available-for-sale		

Item	2015	2014
financial assets		
3. Gains and losses from re-classification of held-to-maturity investments as available-for-sale financial assets		
4. Effective part of the cash flow hedging gains and losses	-5,296,719.95	3,681,255.64
5. Translation differences from foreign currency financial statements		
6. Others		
Net of tax of other comprehensive income attributable to the minority shareholders	-44,042,177.39	90,246,192.11
VII. Total comprehensive income	-44,042,177.39	90,246,192.11
Total comprehensive income attributable to the owners of the parent company		
Total comprehensive income attributable to minority shareholders		
VIII. Per-share earnings:		
(1) Basic earnings per share (yuan/share)		
(2) Diluted earnings per share (yuan/share)		

DATANG TELECOM (H.K.) LIMITED.
Income Statement
for 2015
(The monetary unit is RMB unless otherwise specified)

Item	2015	2014
I. Operating income	1,293,802,513.95	665,970,553.93
Less: Operating costs	1,290,502,501.67	659,024,614.20
Business taxes and surcharges	409,932.09	
Selling expenses	71,883.20	78,202.52
Management expenses	1,974,735.31	428,568.27
Financial expenses	37,070,993.12	10,421,045.67
Asset impairment loss	612,790.75	-27,243.15
Plus: Gains on the changes in the fair value (loss expressed with "-")		
Investment income (loss expressed with "-")		
In which: Income from investment on associated enterprise and joint venture		
II. Operating profit (loss expressed with "-")	-36,840,322.19	-3,954,633.58
Plus: Non-operating income		
In which: Gains from disposal of non-current assets		
Less: Non-operating expenses		
In which: Losses from disposal of non-current assets		
III. Gross profit (total loss expressed with "-")	-36,840,322.19	-3,954,633.58
Less: Income tax expenses	787,849.57	
IV. Net profit (net loss expressed with "-")	-37,628,171.76	-3,954,633.58
V. Net of tax of other comprehensive income	-5,296,719.95	3,681,255.64
(1) Other comprehensive income that can't be classified into the profits and losses in the future		
1. Changes in net liabilities and capitals in case of remeasurement & resetting of benefit plan		
2. The share in other comprehensive income that can't be classified into the profits and losses in the invested company under the equity method		
(2) Other comprehensive income that will be reclassified into the profits and losses in the future	-5,296,719.95	3,681,255.64
1. The share in other comprehensive income that will be classified into the profits and losses in the invested company under the equity method		
2. Gains and losses from changes in fair value of available-for-sale financial assets		

Item	2015	2014
3. Gains and losses from re-classification of held-to-maturity investments as available-for-sale financial assets		
4. Effective part of the cash flow hedging gains and losses		
5. Translation differences from foreign currency financial statements	-5,296,719.95	3,681,255.64
6. Others		
VI. Total comprehensive income	-42,924,891.71	-273,377.94
VII. Per-share earnings:		
(1) Basic earnings per share (yuan/share)		
(2) Diluted earnings per share (yuan/share)		

DATANG TELECOM (H.K.) LIMITED.
Consolidated Cash Flow Statement
for 2015
(The monetary unit is RMB unless otherwise specified)

Item	2015	2014
I . Cash flows from operating activities		
Cash received from sale of goods or rendering of services	3,217,314,733.38	2,115,656,699.13
Net amount of customer deposits and inter-bank deposits		
Net increase in borrowings from the Central Bank		
Net increase in inter-bank fund from other financial institutions		
Cash from receiving original insurance contract premium		
Net cash from receiving reinsurance business		
Net increase of insured savings and investment fund		
Net increase in disposal of financial assets at fair value through the profit and loss account		
Cash received from interest, fees and commissions		
Net increase in inter-bank borrowings		
Net increase in buy-back business fund		
Received tax return	4,373,822.34	18,055,751.24
Other cash receipts related to operating activities	161,852,500.46	5,096,217.56
Subtotal of cash inflows from operating activities	3,383,541,056.18	2,138,808,667.93
Cash paid for goods and services	3,015,697,126.64	2,060,072,591.06
Net increase in customer loans and advances to be paid back later		
Net increase in the Central Bank deposits and inter-bank deposits		
Cash paid for indemnity of original insurance contract		
Cash payments for interest, fees and commissions		
Cash paid for bonus of insurance policy		
Cash paid to and on behalf of employees	119,334,850.10	104,652,039.16
Various tax payments	47,462,702.95	47,407,564.26
Other cash payments related to operating activities	198,579,373.22	39,363,382.69
Subtotal of cash outflows from operating activities	3,381,074,052.91	2,251,495,577.17
Net cash flows from operating activities	2,467,003.27	-112,686,909.24
II . Cash flows from investing activities		
Cash from investment withdrawal		
Cash from receiving return on investment		
Net cash received from the disposal of fixed assets, intangible assets and other long term assets	20,500.00	
Net cash received from the disposal of subsidiaries and other business entities		
Other cash received relating to investing activities		
Subtotal of cash inflow from operating activities	20,500.00	
Cash paid for the purchase and construction of fixed assets, intangible assets and other long term assets;	7,619,683.62	19,698,048.30
Payment for investment		600,000,000.00
Net increase in pledge loans		

Item	2015	2014
Net cash paid for the acquisition of subsidiaries and other business entities		
Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities	7,619,683.62	619,698,054.45
Net cash flows from investing activities	-7,599,183.62	-619,698,054.45
III. Cash flows from financing activities		
Cash from absorbing investment		100,000,000.00
In which: Cash from the subsidiary company absorbing investments of minority shareholders		
Cash received from debts	589,272,315.94	1,364,640,349.04
Cash from issuing bonds		
Cash received relating to other financing activities	42,359,704.02	6,000,000.00
Subtotal of cash inflows from financing activities	627,632,019.96	1,470,640,355.19
Cash paid for repayments of debts	534,814,380.39	536,822,006.94
Cash paid for distribution of dividends or profits, or cash payments for interests	81,056,431.43	75,899,276.71
In which: Dividend and profit paid to minority shareholders by subsidiary		
Cash payments relating to other financing activities	15,600,000.00	27,081,269.56
Subtotal of cash outflows from financing activities	631,470,811.82	639,802,553.21
Net cash flows from financing activities	-3,838,791.86	830,837,795.83
IV. Foreign exchange rate fluctuation consequences on cash and cash equivalents	1,690,749.92	3,334,457.31
V. Net increase in cash and cash equivalents	-7,280,222.29	101,787,295.60
Plus: Beginning balance of cash and cash equivalents	117,867,223.41	16,079,927.81
VI. End balance of cash and cash equivalent	110,587,001.12	117,867,223.41

DATANG TELECOM (H.K.) LIMITED.

Cash Flow Statement

for 2015

(The monetary unit is RMB unless otherwise specified)

Item	2015	2014
I. Cash flows from operating activities		
Cash received from sale of goods or rendering of services	1,357,025,803.35	593,627,008.98
Received tax return	-	254,056.54
Other cash receipts related to operating activities	901,909.26	3,360,359.53
Subtotal of cash inflows from operating activities	1,357,927,712.61	597,241,425.05
Cash paid for goods and services	1,356,041,243.66	755,338,391.21
Cash paid to and on behalf of employees		
Various tax payments	337,485.19	
Other cash payments related to operating activities	2,769,996.57	621,907.64
Subtotal of cash outflows from operating activities	1,359,148,725.42	755,960,298.85
Net cash flows from operating activities	-1,221,012.81	-158,718,873.80
II. Cash flows from investing activities		
Cash from investment withdrawal		
Cash from receiving return on investment		
Net cash received from the disposal of fixed assets, intangible assets and other long term assets		
Net cash received from the disposal of subsidiaries and other business entities		
Other cash received relating to investing activities		
Subtotal of cash inflow from operating activities		
Cash paid for the purchase and construction of fixed assets, intangible assets and other long term assets;		
Payment for investment		600,000,006.15
Net cash paid for the acquisition of subsidiaries and other business entities		

Item	2015	2014
Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities		600,000,006.15
Net cash flows from investing activities		-600,000,006.15
III. Cash flows from financing activities		
Cash from absorbing investment		
Cash received from debts	92,006,185.59	995,444,932.47
Cash from issuing bonds		
Cash received relating to other financing activities	7,681,239.20	
Subtotal of cash inflows from financing activities	99,687,424.79	995,444,932.47
Cash paid for repayments of debts	43,208,918.61	171,751,081.39
Cash paid for distribution of dividends or profits, or cash payments for interests	181,199.29	
Cash payments relating to other financing activities	55,000,000.00	35,704,203.41
Subtotal of cash outflows from financing activities	98,390,117.90	207,455,284.80
Net cash flows from financing activities	1,297,306.89	787,989,647.67
IV. Foreign exchange rate fluctuation consequences on cash and cash equivalents	1,690,571.22	3,334,457.38
V. Net increase in cash and cash equivalents	1,766,865.30	32,605,225.10
Plus: Beginning balance of cash and cash equivalents	37,130,884.41	4,525,659.31
VI. End balance of cash and cash equivalent	38,897,749.71	37,130,884.41

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

[illegible]

Item	This period												
	Equity attributable to the equity holders of the parent company											Minority interests	Total owner's equities
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk preparation	Undistributed profit		
Preferred shares		Perpetual capital securities	Others:										
4. Others													
(4) Internal carry-over of owner's equity													
1. Capital surplus conversion into capital (or stock)													
2. Surplus reserve conversion into capital (or stock)													
3. Recovery of loss by surplus reserve													
4. Others													
(5) Special reserves													
1. withdrawal in this period													
2. Use in this period													
(6) Others					23,400,000.00								23,400,000.00
IV. Ending balance of this period	106,101.70				32,665,783.21		-3,646,218.83		15,780,781.51		-31,066,574.71		13,839,872.88

DATANG TELECOM (H.K.) LIMITED.
Consolidated Owner's Equity Change Table (Continued)
for 2015
(The monetary unit is Yun/RMB unless otherwise specified)

[illegible]

Item	The previous period												
	Equity attributable to the equity holders of the parent company											Minority interests	Total owner's equities
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk preparation	Undistributed profit		
		Preferred shares	Perpetual capital securities	Others:									
(5) Special reserves													
1. Withdrawal in this period													
2. Use in this period													
(6) Others													
IV. Ending balance of this period	106,101.70				9,265,783.21		1,650,501.12		15,780,781.51		7,678,882.73		34,482,050.27

DATANG TELECOM (H.K.) LIMITED.

for 2015

[illegible]

Item	This period										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk preparation	Total owner's equities
		Preferred shares	Perpetual capital securities	Others:							
3. Payment for amount counted into owner's equity											
4. Others											
(3) Distribution of profits											
1. Withdrawal of surplus reserve											
2. Allocation for owners (or shareholders)											
3. Others											
(4) Internal carry-over of owner's equity											
1. Capital surplus conversion into capital (or stock)											
2. Surplus reserve conversion into capital (or stock)											
3. Recovery of loss by surplus reserve											
4. Others											
(5) Special reserves											
1. Withdrawal in this period											
2. Use in this period											
(6) Others											
IV. Ending balance of this period	106,101.70				24,894,274.69		-3,646,218.83			-28,796,999.00	-7,442,841.44

The accompanying notes to the financial statements are integral parts of the financial statements.

[illegible]

Item	The previous period										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total owner's equities
		Preferred shares	Perpetual capital securities	Others:							
2. Surplus reserve conversion into capital (or stock)											
3. Recovery of loss by surplus reserve											
4. Others											
(5) Special reserve											
1. withdrawal in this period											
2. Use in this period											
(6) Others											
IV. Ending balance of this period	106,101.70				24,894,274.69		1,650,501.12			8,831,172.76	35,482,050.27

The accompanying notes to the financial statements are integral parts of the financial statements.

2 Main business analysis

2.1 Change analysis table for related accounting subjects in income statement and cash flow statement

Monetary unit: RMB

Accounting subject	2015	2014	Proportion of change
Operating income	3,161,146,191.42	1,883,757,360.47	1,277,388,830.95
Operating costs	2,965,098,626.98	1,662,822,277.22	1,302,276,349.76
Selling expenses	26,323,634.22	17,600,334.50	8,723,299.72
Management expenses	98,377,858.78	81,199,806.54	17,178,052.24
Financial expenses	71,285,630.06	25,766,615.27	45,519,014.79
Net cash flows from operating activities	2,467,003.27	-112,686,909.24	115,153,912.51
Net cash flows from investing activities	-7,599,183.62	-619,698,048.30	612,098,864.68
Net cash flows from financing activities	-3,838,791.86	830,837,801.98	-834,676,593.84

2.1.1 Revenue cost

Driving factors analysis of changes in the cost of business income

Monetary unit: RMB

Name of the industry	Main business income		Growth rate (%)
	2015	2014	
Terminal design	3,161,146,191.42	1,883,292,824.96	68%
Bank acceptance bill	3,161,146,191.42	1,883,292,824.96	

Name of the industry	Main business income		Growth rate (%)
	2015	2014	
Terminal design	2,965,098,626.98	1,662,717,803.42	78%
Bank acceptance bill	2,965,098,626.98	1,662,717,803.42	

During the reporting period, the company has realized RMB 3,161,146,191.42 of main business income and it has a year-on-year increase of 68%. Business income has increased by 68% in terminal design field, terminal shipments of PCBA/ODM, industrial terminal and data terminal have all achieved good achievements and the income has achieved a remarkable growth. During the reporting period, the company has realized RMB 2,965,098,626.98 of main business costs, it has increased by 68%, the main reason is the increase of business in the field of terminal design.

2.1.2 Costs

Monetary unit: RMB

Item	2015	2014	Proportion of change (%)
Selling expenses	26,323,634.22	17,600,334.50	50%
Management expenses	98,377,858.78	81,199,806.54	21%
Financial expenses	71,285,630.06	25,766,615.27	177%

- (1) Selling expenses of current year have increased by RMB 8,723,299.72 compared with the previous year, the additional proportion is 50%, the main reason is increase of selling expenses due to increase of volume of business.
- (2) Management expenses of current year have increased by RMB 17,178,052.24 compared with the previous year, the additional proportion is 21%, the main reason is increase of expenses including employee compensation and office expense, etc. compared with those of last year.

- (3) Financial expenses of current year have increased by RMB 45,519,014.79 compared with the previous year, the additional proportion is 177%, and the main reason is increase of provision for interest on bonds payable and the interest of borrowings.

2.1.3 Cash flow

Monetary unit: RMB			
Accounting subject	2015	2014	Proportion of change
Net cash flows from operating activities	2,467,003.27	-112,686,909.24	115,153,912.51
Net cash flows from investing activities	-7,599,183.62	-619,698,048.30	612,098,864.68
Net cash flows from financing activities	-3,838,791.86	830,837,801.98	-834,676,593.84

- (1) Net cash flows from operating activities of current year has decreased by RMB 115,153,912.51 compared with that of the last year, the mainly reason is the increase of cash paid in operating activities with money return strengthened.
- (2) Net cash flows from investing activities of current have decreased by RMB 612,098,864.68 compared that of the previous year, the main reason is the decrease of cash paid for large-sum investment on year-on-year base.
- (3) Net cash flows from financing activities of current have increased by RMB 834,676,593.84 compared that of the previous year, the main reason is the increase of borrowings in the reporting period.

III Situation of the Parent Company up to the Reporting Period

The Company's parent company is Datang Telecom Technology Co., Ltd., the situation of the parent company up to the reporting period is as follows:

Company name	Registration place	Nature of the business	Registered capital	Shareholding ratio of the parent company in the Company (%)	The proportion of voting rights to our company (%)
Datang Telecom Technology Co., Ltd.	No. 6, North Yongjia Road, Haidian District, Beijing	State-owned enterprise	882,108,472.00	100.00	100.00

In 2015, the company has offered a wide range of trade procurement services for terminal design field of the group as a trade platform. In addition, in December 2014, the Company purchased 100% stake of Datang Terminal Technology Co., Ltd. from Datang Telecom Technology Co., Ltd with RMB 600 million. In the field of terminal design, the Company relies on relatively perfect terminal industrial chain, concentrate high value markets and customers. Therefore, it has not only established the dominant position in LTE data terminal field, it has also focused on strengthening of independent development and the promotion of industrial platform and supporting terminals, it has been awarded the POC talkback platform project of China Mobile Government and Enterprise Branch, it has improved the competitiveness of the industrial terminal products in the field of industry terminal, PCBA/ODM business occupies a larger share in LTE products.