

DATANG Telecom Technology Co., Ltd.

2014 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.
The director Duan Chenhui has been unable to attend in person due to official business, so the director Li Yonghua has been authorized to attend the meeting and vote on behalf of him; the director Qin Xi, the independent director Zhang Haiying have voted by telecommunication due to official business.
- III. Lixin Certified Public Accountants (special general partnership) has issued a standard unqualified auditors' report.
- IV. The statement from Cao Bin, the company responsible person, Xue Gui, who is in charge of accounting and Ouyang Guoyu, the responsible person 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 share capital increase from provident fund plan during the report period has been considered by the board of directors.**

No profit distribution plan or share capital increase from provident fund plan during the report period.

VI. Forward-Looking Risk Statements

Forward-looking statements in this report, including future 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

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Section 1 Definition and Major Risk Prompts

I. Definition

In this report, unless the context otherwise requires, the following terms refer to as the followings:

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.
Shanghai Lihe	Refers to	Shanghai Lihe Investment Management Co., Ltd.
Shanghai Venture Capital Co., Ltd	Refers to	Shanghai Networking Venture Investment Fund Partnership (Limited Partnership)
Shangchuang Xinde Hongneng	Refers to	Shangchuang Xinde Hongneng Venture Investment Partnership (Limited Partnership)
Beijing Yinhan Xingye Venture Investment	Refers to	Beijing Yinhan Xingye Venture Investment Center (Limited Partnership)
Hainan Information Industry Fund	Refers to	Hainan Information Industry Venture Capital Fund (Limited Partnership)
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 Technology	Refers to	DATANG Terminal Technology Co., Ltd.
Sheng Yao Wireless	Refers to	Shengyao Wireless Communication Technology (Beijing) Co., Ltd.
Chengdu Information	Refers to	DATANG Telecom (Chengdu) Information Technology Co., Ltd.
Jiangsu I-front	Refers to	Jiangsu I-front Science & Technology Co., Ltd.
Leadcore Technology Co. Ltd	Refers to	Leadcore Technology Co., Ltd.
Uniscope Electronic Co., Ltd	Refers to	Qidong Uniscope Electronics Co., Ltd.
Shanghai Puge	Refers to	Shanghai Puge Electronics Co., Ltd.
Shanghai Jingyou	Refers to	Shanghai Jingyou Communication Technology Co., Ltd.
Uniscope Weiye	Refers to	Shenzhen Uniscope Weiye Communication Technology Co., Ltd.
DATANG NXP	Refers to	DATANG NXP Semiconductors Co., Ltd.
DATANG Semiconductor	Refers to	DATANG Semiconductor Design Co., Ltd.
Xinhua Reader	Refers to	Xinhua Reader (Beijing) Network

Definition of frequently-used terms		
		Technology Co., Ltd.
DATANG Innohub	Refers to	DATANG Innohub Investment (Beijing) Co., Ltd.
Guangzhou Yaowan / Yaowan Entertainment	Refers to	Guangzhou Yaowan Entertainment Network Technology Co., Ltd.
365IME	Refers to	365IME (Beijing) Network Technology Co., Ltd.
Report Period	Refers to	January 1, 2014 to December 31, 2014

II. Major risk prompts

The company has described in detail the risks that may exist 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 in the directors' report under Section 4.

Section 2 Company Profile

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

Newspapers 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. Registration changes during the report period**(I) Basic information**

Date of registration	April 30, 2014
Site of registration	Building 5, No.6 Yongjia North Road, Haidian District, Beijing
Registration number of license of the business corporation	110000005200352
Tax registration number	110108633709976
Organizing institution bar code	63370997-6
Date of registration	September 29, 2014
Site of registration	Building 5, No.6 Yongjia North Road, Haidian District, Beijing
Registration number of license of the business corporation	110000005200352
Tax registration number	110108633709976
Organizing institution bar code	63370997-6

(II) Related inquiry index of the company's first registration

Please refer to the company's 2011 annual report for the basic information of the company's first registration.

(III) Main business changes since its listing

No main business has changed since its listing

(IV) Controlling shareholder changes since its listing

Telecom Research Institute is the company's controlling shareholder. No controlling shareholder has changed since its listing.

VII. Other relevant information

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

Section 3 Accounting Data**I . Major accounting data and financial indicators of the company in the latest three years during the report period****(1) Major accounting data**

Unit: Yuan Currency: RMB

Major accounting data	2014	2013		Increase or decrease on a year-to-year basis (%)	2012
		After adjustment	Before adjustment		
Operating income	7,984,031,029.75	7,915,172,624.99	7,915,172,624.99	0.87	6,183,261,443.58

Net profit belonging to shareholders of the public company	217,042,207.05	155,615,858.74	155,615,858.74	39.47	168,896,550.09
Net profit belonging to shareholders after deducting non-recurring gains and losses of the public company	-54,902,454.07	-29,756,335.22	-29,756,335.22	Not applicable	-54,206,697.58
Net cash flows from operating activities	-587,050,504.47	-152,053,763.43	-152,053,763.43	Not applicable	-116,522,636.80
	End of 2014	End of 2013		Increase or decrease on a year end-to year end basis (%)	End of 2012
		After adjustment	Before adjustment		
Net assets belonging to shareholders of the public company	4,030,768,692.75	2,308,303,812.99	2,308,303,812.99	74.62	2,168,045,655.66
Total assets	13,964,610,141.06	11,149,449,980.05	11,149,449,980.05	25.25	8,467,189,319.92

(II) Major financial indicators

Major financial indicators	2014	2013		Increase/decrease (%) in the current period, compared to the same period of previous year	2012
		After adjustment	Before adjustment		
Basic EPS (yuan / share)	0.2562	0.2098	0.2098	22.12	0.2719
Diluted EPS (yuan / share)	0.2562	0.2098	0.2098	22.12	0.2719
Basic EPS after deducting non-recurring gains and losses (yuan / share)	-0.0648	-0.0401	-0.0401	Not applicable	-0.1108
Weighted average ROE(%)	6.1289	6.9992	6.9992	Up by -0.87 percentage points	13.1011
Weighted average ROE after deducting non-recurring gains and losses (%)	-1.5503	-1.3384	-1.3384	Not applicable	-6.5117

II. 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 foreign accounting standards and Chinese accounting standards.

☐ Applicable ☒ Not applicable

III. Non-recurring items and amounts

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Non-recurring items	2014	Note (if applicable)	2013	2012
Profits or losses from disposal of non-current assets	16,512,900.93		30,619,763.08	48,650,673.46
Ultra vires approval, or without official approval document or incidental tax return and relief				
Government subsidies should be included in current profit or loss, but closely relate to the company's business; continuous government subsidies in line with national policies and regulations, certain fixed amounts or quantity are excluded.	214,270,585.78		178,643,994.63	167,640,496.57
Payment for use of state funds received from non-financial institutions recorded in current profits and losses	22,651,976.67			
Gains from the difference between the investment costs of acquisition of subsidiaries, associates and associates 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				
Impairment provision for force majeure such as natural calamities				
Debt restructuring profit and loss				
Restructure expenses, such as the compensation for employee relocation and integration costs				
Gains or losses from transactions with obvious unfair transaction price				
Year-to-date net profits or losses of subsidiaries arising from business combination under common control				39,320,805.11
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 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				

Non-recurring items	2014	Note (if applicable)	2013	2012
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	57,041,881.29		5,552,639.04	913,750.71
Other profits or losses which can be deemed as non-recurring profits or losses				
Minority interest effects	-16,303,567.00		-5,516,855.34	-15,613,229.61
Income tax effects	-22,229,116.55		-23,927,347.45	-17,809,248.57
Total	271,944,661.12		185,372,193.96	223,103,247.67

Section 4 Director's Report

I. The board's discussion and analysis on the operation of the company in the report period

In 2014, the company continues to focus 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 terms of steady growth, according to the principle of "maintaining & control", the company achieves a total operation revenue of 7984.03 million yuan in 2014, a slight increase over the previous year; it achieves gross profit increase of 152.84 million yuan over the same period of previous year, an increase of 10.61%; it achieves a total profit increase of 52.08 million yuan over the previous year. The overall profitability of the company continues to rise.

In the field of IC design, the company seizes high-speed development opportunities in the smart phone market for its mobile terminal chip business, and successfully launches a new generation of technology platform of SDR software radio, provides bulk supply of TD-LTE smart terminal chip and data terminal chip, and actively explores LTE trunking communication, satellite communication market. The company's financial security chip is on the shortlist for the bidding of financial chip of head office of China Construction Bank, and also on the shortlist for the pilot project of domestic financial chip of the Postal Savings Bank of China, and issues cards in small quantities. The layout of automotive electronic chip business is achieved in the key chip design field of new energy automobile, chip of the automobile light regulator is sold and operated stably

In the terminal design field, relying on the perfect terminal industry chain, and focusing on high-value markets and clients, the Company has not only established the dominant position of LTE data terminal, but also focused on enhancement of independent development and promotion efforts of the industrial platform and the supporting terminals, and has won the bidding of the POC communication platform project of China Mobile corporation, and has improved the competitiveness of the industrial terminal products in the industrial terminal field, PCBA/ODM business has accounted for a major share in LTE product.

In the field of software and application, the company consolidates the operation market and further improves city management and industry application software platform, and gradually forms a series of solutions, develops some important industries, including smart city, safe city, intelligent transportation, smart education, smart energy, smart nuclear power water, smart conservancy informatization.

In the field of mobile Internet, the company initially constructs the incubation mode of "one body with two wings" for mobile Internet project, further opens up the coordination mechanism that combines cloud platform technology incubation, investment/financing incubation and Park service incubation, initially forms the incubation pattern of resource-based mobile Internet innovation projects. In this year, the company successfully develops a variety of high-quality mobile games and webpage games, and establishes diversified game promotion channels through a long-term stable partnership with partners such as Baidu, Tencent, 360, etc, hence becomes a well-known developer and operation service supplier for network game.

In terms of structural adjustment, the company adjusts the industrial structure by enhancing sales efforts of its self-owned products; adjust the asset structure by focusing on the major businesses, acquisition and restructuring, by improving profitability and enhancing the intensity of the collection of payment; adjust the structure of liabilities by improving the long/short-term borrowings ratio and the structure of assess and debts; optimize the organizational structure by through establishing the management model of "headquarter strategic control + four industrial segment operation platform".

In terms of gathering the resources, the company successfully completes the restructuring and additional issuance, successfully acquisition of Guangzhou Yaowan Company, improves the company's industry layout in mobile Internet value-added services, greatly improves the company's assets structure and profitability. The company actively takes industrial advantage, strengthens integration of internal and external resources by various forms of resources, such as, striving for national special science and technology projects, IC industry funds, financial discount.

In terms of benefits, the company overcomes the macro environment difficulties and industry pressure, total profit and net profit grows to a certain extent, compared to the same period of previous year. At the same time, the company vigorously promotes cost-efficiency project, conducts an overall planning and implementation of special work for cost reduction and efficiency increase, implements the work for cost reduction in the whole industry chain of each industrial segment, reduces costs and improve management quality.

In the control of risk, the company continues to carry out a comprehensive risk management, and special researches and deployment, aiming at risks in five aspects, including receivables, inventory, intangible assets, goodwill and liabilities.

(I). Analysis of main businesses

1 Table of analysis on variation in relevant items in the Income Statement and Cash Flow Statement

Unit: Yuan Currency: RMB			
Item	The number of the current period	The number of the same period of previous year	Changes in the proportion (%)
Operating income	7,984,031,029.75	7,915,172,624.99	0.87
Operating costs	6,384,289,162.66	6,500,578,405.45	-1.79
Sales expenses	313,689,957.63	327,039,540.29	-4.08
Administrative cost	760,817,477.98	662,358,679.26	14.86
Financial cost	339,052,910.89	259,830,824.56	30.49
Net cash flows from operating activities	-587,050,504.47	-152,053,763.43	Not applicable
Net cash flows from investing activities	-643,580,093.85	-858,488,847.05	Not applicable
Net cash flows from financing activities	1,592,409,852.36	1,116,797,392.56	42.59
Spending on research and development	866,062,085.04	787,162,513.56	10.02

2 Income

Analysis on factors driving the change of operating income

Changes of operating income of the company's main business segment

Unit :Yuan Currency: RMB

Industry Name	Income from main business		Growth rate (%)
	2014	2013	
IC design	2,854,077,074.03	2,200,264,886.50	29.72
Terminal design	2,193,220,165.68	1,603,676,913.31	36.76
Software and application	2,615,356,789.37	4,015,542,623.00	-34.87
Mobile Internet	314,820,672.31	84,516,517.84	272.50
Total	7,977,474,701.39	7,904,000,940.65	0.93

During the reporting period, the company achieves the income from main business of 7,977,474,701.39 yuan, an growth of 0.93% over the previous year. Among them, 29.72% is the growth in operating income of IC design field, the market share and industrial scale of superior product are further consolidated and expanded, in which, big breakthrough can be seen in module shipments of financial security chip and business-purpose utilization of pan financial products, compared to the previous year. The growth in operating income of terminal design is 36.76%. Good achievement can be seen in shipments of PCBA/ODM, industrial terminal and data terminal. A decrease by 34.87% can be seen in revenue of software and application field, the company mainly adjusts and optimize the revenue structure, increase the proportion of independent products, strictly control projects with big operating risks; revenue growth in the mobile Internet field is 272.50%, greater revenue growth is achieved through the breakthrough of game business and improvement of project incubation mode.

(2) Analysis on orders

During the reporting period, the company has stable order and reasonable industrial structure. Among them, the field of IC design accounts for 36%, the terminal design accounts for 27%, software and application field accounts for 33%, mobile internet field accounts for 4%.

(3) Situation of sales clients

The company's main clients are terminal equipment sales business, telecom operators, government agencies, banks and other financial institutions. In 2014, top five sales clients achieves the revenue of 2,117 million yuan, accounting for 26.53% of the company's total operating income

The operating income of the company's top five clients

Unit:Yuan Currency: RMB

Client name	Total operating income	Proportion (%) in company's total operating income
No. 1	621,561,129.28	7.79
No. 2	569,000,000.00	7.13
No. 3	492,253,574.88	6.17
No. 4	256,940,170.94	3.22
No. 5	176,746,480.77	2.22
Total	2,116,501,355.87	26.53

3 Cost

(1) Cost Analysis Table

Unit: Yuan

Currency: RMB

Situation of sub sectors						
Sub sectors	Cost composition	The amount of the current period	Proportion (%) in total cost of the current period	Amount in the same period of previous year	Proportion (%) of amount of the same period of previous year in total cost	Change proportion (%) of amount of the current period, compared to the same period of previous year
IC Design	Raw materials	1,451,153,089.30	78.53	1,391,143,841.79	93.85	4.31
	Labour cost	166,550,902.51	9.01	15,159,891.71	1.02	998.63
	Depreciation	152,821,016.90	8.27	8,783,155.69	0.59	1,639.93
	Other	77,407,882.28	4.19	67,218,749.37	4.53	15.16
	Subtotal	1,847,932,890.99	100.00	1,482,305,638.56	100.00	24.67
Terminal design	Raw materials	1,781,489,024.07	90.14	1,225,149,810.42	88.65	45.41
	Labour cost	32,991,821.02	1.67	10,735,974.11	0.78	207.30
	Depreciation	4,798,695.00	0.24	4,062,200.79	0.29	18.13
	Other	156,996,843.29	7.94	141,994,502.79	10.27	10.57
	Subtotal	1,976,276,383.38	100.00	1,381,942,488.11	100.00	43.01
Software and application	Raw materials	1,770,049,313.80	72.12	2,121,458,036.10	60.17	-16.56
	Labour cost	82,498,876.67	3.36	99,646,713.88	2.83	-17.21
	Depreciation	4,309,762.03	0.18	3,887,934.17	0.11	10.85
	Other	597,406,788.22	24.34	1,300,781,017.20	36.89	-54.07
	Subtotal	2,454,264,740.72	100.00	3,525,773,701.35	100.00	-30.39
Mobile Internet	Raw materials					
	Labour cost	75,260,960.74	74.59	50,892,501.47	69.53	47.88
	Depreciation					
	Other	25,636,154.66	25.41	22,301,566.29	30.47	14.95
	Subtotal	100,897,115.40	100.00	73,194,067.76	100.00	37.85
Total		6,379,371,130.49		6,463,215,895.78		-1.30

(2) Situation of main suppliers

Procurement from top five suppliers in 2014:

Unit:Yuan

Currency:RMB

Supplier name	The purchase amount (excluding tax)	Proportion (%) in total purchase amount
No. 1	513,352,600.00	8.45
No. 2	436,091,657.92	7.18
No. 3	281,497,269.43	4.63
No. 4	242,921,803.32	4.00
No. 5	162,228,580.00	2.67
Total	1,636,091,910.67	26.93

4 cost

Unit:Yuan

Currency:RMB

Item	The amount of the current period	The amount of previous period	Changes proportion (%)
Sales expenses	313,689,957.63	327,039,540.29	-4.08
Administrative cost	760,817,477.98	662,358,679.26	14.86
Financial cost	339,052,910.89	259,830,824.56	30.49

- (1) Cost of sales this year is decreased by 13,349,582.66 yuan, compared to the previous year, the decreased proportion is 4.08%, mainly resulting from enhancement of management and control, reduction of costs and improvement of efficiency in the current period.
- (2) Administrative cost this year is increased by 98,458,798.72 yuan, compared to the previous year, the increased proportion is 14.86%, mainly resulting from combination of Guangzhou Yaowan Company and NXP Company.
- (3) Financial cost this year is increased by 79,222,086.33 yuan, compared to the previous year, the increased proportion is 30.49%, mainly because that the loan is increased during the reporting period, replacement from long-term borrowings to short-term borrowings causes a rise in interest rates.

5 Spending on research and development

(1) Table for R&D expenditure

Unit: Yuan Currency: RMB

R&D expenditure listed as expenses in the current period	288,839,237.14
R&D expenditure listed as capital in the current period	577,222,847.90
Total R&D expenditure	866,062,085.04
Proportion (%) of total R&D expenditure in net assets	20.28
Proportion (%) of total R&D expenditure in the operating income	10.85

(2) Notes

In 2014, the company's investment in R&D is **866.06** million yuan, an increase of 10.02% compared to the previous year. The company focuses on resources in four fields (chips, terminals, software and mobile Internet), increase the investment. Around TD-LTE/4G, mobile Internet, information security, logistical networking and smart city, etc. the company carries out R&D on new technologies and new products, and completes R&D and market promotion of products and solutions, including 28nm 4G multi-mode mobile terminal chip and solutions, the double-interface financial security chip, mobile payment security chip, 4G mobile data terminal, 4G multi-mode mobile terminal, confidentiality and special communication terminal, mobile Internet one-stop cloud services platform, intelligent vehicle networking gateway and intelligent transportation, smart education, smart energy system platform and information solutions. The company increases the investment in technological innovation resources, and improves innovation and ability of innovation industrialization, continues to create the company's core competitiveness.

6 Cash flow

Item	The number of the current period	The number of the same period of previous year	Changes proportion (%)
Net cash flows from operating activities	-587,050,504.47	-152,053,763.43	Not applicable
Net cash flows from investing activities	-643,580,093.85	-858,488,847.05	Not applicable
Net cash flows from financing activities	1,592,409,852.36	1,116,797,392.56	42.59

- (1) Net cash flows from operating activities this year is decreased by -434,996,741.04 yuan than the previous year, mainly resulting from payment of the due bank acceptance bills.
- (2) Net cash flow from the investment activities this year is increased by 214,908,753.20 yuan than the previous year, mainly resulting from reduction of payment of investment and also resulting from an increase of the recovered cash from disposal of intangible assets compared to the same period of previous year.
- (3) Net cash flow from the financing activities this year is increased by 475,612,459.80 yuan than the previous year, the increased proportion is 42.59%, mainly resulting from an increase of financing during the reporting period.

7. Others

- (1) Detailed notes for significant changes in the company's profit composition or profit sources

Item	The amount at the end of this year	The amount at the end of last year	Compared to the previous period The changed amount	Change proportion (%), compared to the previous period
Non-operating income	261,383,850.51	202,612,545.79	58,771,304.72	29.01

Non-operating income this year is increased by 58,771,304.72 yuan than the previous year. The increased proportion is 29.01%, mainly resulting from the increase of non-operating income from government grants and also resulting from an increase from disposal of intangible assets during the report period.

- (2) Notes for analysis on execution progress of all kinds of financing, major asset restructuring matters in the early stage of the Company.

During the reporting period, the company completes the issuance of shares and payment of cash for purchase of assets, and the company raises the supporting funds for major asset restructuring project. The restructuring involves issuance for two times: (1) Issuance of shares to buy assets: DATANG pays 65% equity price for non-public offering shares of 9 shareholders of Guangzhou Yaowan Company such as Mr. Zhou Hao and Mr. Chen Yong, namely 1,092,483,720 yuan; (2) Issuance of shares to raise the supporting funds: DATANG issues shares to other designated shareholders (not more than 10 shareholders) to raise the supporting funds, the total amount is not more than 420,186,075 yuan. On April 25, 2014, the restructuring transaction bid (equity of Guangzhou Yaowan Company) transfer procedures and related registration with the Administration for industrial and commercial has been completed. Newly-added shares in the company's non-public offering this time has been subject to registration on May 12, 2014 and June 6, 2014, China Securities Depository and Clearing Co. Ltd (Shanghai Branch) has issued the "securities change registration certificate". The number of shares issued by the company for purchasing the assets is 102,580,631 shares, and the number of shares issued by the company for raising the supporting funds is 37,820,528 shares. After this non-public offering, the total shares of the company is 882,108,472 shares.

(II). Analysis of industry, product or regional operation

1. Main business (by industry or by product)

Unit: Yuan Currency: RMB

Condition of major business by sectors

Sub sectors	Operating income	Operating costs	Gross profit rate (%)	Increase/decrease of operating income compared to last year (%)	Increase/decrease of operating cost compared to last year (%)	Increase/decrease of gross profit rate compared to last year (%)
IC design	2,854,077,074.03	1,847,932,890.99	35.25	29.72	24.67	Up by 2.62 percentage points
Terminal design	2,193,220,165.68	1,976,276,383.38	9.89	36.76	43.01	Up by -3.94 percentage points
Software and application	2,615,356,789.37	2,454,264,740.72	6.16	-34.87	-30.39	Down by 6.04 percentage points
Mobile Internet	314,820,672.31	100,897,115.40	67.95	272.50	37.85	Up by 54.55 percentage points
Total	7,977,474,701.39	6,379,371,130.49	20.03	0.93	-1.30	Up by 1.80 percentage points

2. Main business (by region)

Unit: Yuan Currency: RMB

Region	Operating income	Increase/decrease of operating income compared to last year (%)
Northern region	3,830,933,757.72	-3.27
Southern region	3,039,715,365.69	-4.70
Other regions	1,106,825,577.98	46.82
Total	7,977,474,701.39	0.93

(III). Analysis of assets and liabilities

1. Table of analysis of assets and liabilities

Unit: Yuan Currency: RMB

Project name	Amount at the end of the current period	Proportion of amount at the end of the current period in total asset (%)	Amount at the end of the last period	Proportion of amount at the end of the last period in total asset (%)	Variable proportion of amount at the end of the current period compared to the amount at the end of the last period (%)	Notes
Cash and cash equivalents	1,824,447,546.65	13.06	1,358,043,475.41	12.18	34.34	
Notes receivable	817,378,061.22	5.85	248,615,637.50	2.23	228.77	
Available-for-sale financial assets	53,143,748.75	0.38	18,053,400.00	0.16	194.37	
Long-term receivables	20,449,976.61	0.15	35,908,546.84	0.32	-43.05	
Construction in progress	109,228,076.81	0.78	18,512,160.48	0.17	490.03	
Goodwill	1,608,130,229.39	11.52	271,777,613.66	2.44	491.71	
Long-term deferred expenses	14,071,839.12	0.10	2,544,068.91	0.02	453.12	
Notes payable	421,911,787.84	3.02	933,797,849.27	8.38	-54.82	
Employee compensation payable	38,430,221.68	0.28	24,538,984.24	0.22	56.61	
Interests payable	19,005,182.20	0.14	1,440,765.56	0.01	1,219.10	
Dividends payable	37,187,080.46	0.27	21,370,760.93	0.19	74.01	
Other payables	285,204,241.63	2.04	210,125,029.60	1.88	35.73	
Long-term borrowings	1,384,596,268.44	9.92	500,000,000.00	4.48	176.92	

Project name	Amount at the end of the current period	Proportion of amount at the end of the current period in total asset (%)	Amount at the end of the last period	Proportion of amount at the end of the last period in total asset (%)	Variable proportion of amount at the end of the current period compared to the amount at the end of the last period (%)	Notes
Bonds payable	988,062,220.35	7.08				
Long-term payables	1,041,875,046.60	7.46				
Deferred income tax liabilities	12,658,769.15	0.09	1,665,264.43	0.01	660.17	
Capital reserve	3,682,967,691.52	26.37	2,313,965,000.50	20.75	59.16	
Other comprehensive income	1,650,181.12	0.01	-2,031,074.52	-0.02	-181.25	

- (1) The amount of cash and cash equivalents at the end of the year increases 466,404,071.24 yuan, compared to the amount at the beginning, up by 34.34%, which mainly is the result that the consolidation scope of the company expands within the report period and many payments are collected at the end of the year.
- (2) The amount of notes receivable at the end of the year increases 568,762,423.72 yuan compared to the amount at the beginning, up by 228.77%, which mainly is the result that the use of notes for settlement by the company increases.
- (3) The amount of **available-for-sale financial assets** at the end of the year increases 35,090,348.75 yuan compared to the amount at the beginning, up by **194.37%**, which mainly is the result that the ratio of stock right of joint-stock company changes and new guidelines are implemented.
- (4) The amount of **long-term receivables** at the end of the year decreases 15,458,570.23 compared to the amount at the beginning, down by **43.05%**, which mainly is the result of collection at the preset period.
- (5) The amount of **construction in progress** at the end of the year increases 90,715,916.33 yuan compared to the amount at the beginning, up by 490.03%, which mainly is the result of the construction of Yongfeng Project Phase III.
- (6) The amount of goodwill at the end of the year increases 1,336,352,615.73 yuan compared to the amount at the beginning, up by 491.71%, which mainly is the result of acquisition of Guangzhou Yaowan.
- (7) The amount of **long-term deferred expenses** at the end of the year increases 11,527,770.21 yuan compared to the amount at the beginning, up by 453.12%, which mainly is the result of acquisition of Guangzhou Yaowan.
- (8) The amount of **notes payable** at the end of the year decreases 511,886,061.43 yuan compared to the amount at the beginning, down by 54.82%, which mainly is the result that acceptance draft is due and paid.
- (9) The amount of employee compensation payable at the beginning of the year increases 13,891,237.44 yuan compared to the amount at the beginning, up by 56.61%, which mainly is the result that the consolidation scope of the company expands.
- (10) The amount of **interests payable** at the end of the year increases 17,564,416.64 yuan compared to the amount at the beginning, up by 1,219.10%, which mainly is the result

that liabilities with interest increases.

- (11) The amount of **dividends payable** at the end of the year increase 15,816,319.53 yuan compared to the amount at the beginning, up by 74.01%, which mainly is the result that non-wholly-owned subsidiaries of the company made the distribution of profits in the year.
- (12) The amount of **other payables** at the end of the year increases 75,079,212.03 yuan compared to the amount at the beginning, up by 35.73%, which mainly is the result that the final payment for acquisition of stock right of Guangzhou Yaowan has not been paid.
- (13) The amount of **long-term borrowings** at the end of the year increases 884,596,268.44 yuan compared to the amount at the beginning, up by 176.92%, which mainly is the result of debt restructuring and replacement of long-term borrowings for short-term borrowings.
- (14) The amount of **bonds payable** at the end of the year increases 988,062,220.35 yuan compared to the amount at the beginning, which mainly is the result of issuance of RMB bonds abroad.
- (15) The amount of **long-term payables** at the end of the year increases 1,041,875,046.60 yuan compared to the amount at the beginning, which mainly is the result of debt restructuring and replacement of long-term borrowings for short-term borrowings.
- (16) The amount of **deferred income tax liabilities** increases 10,993,504.72 yuan compared to the amount at the beginning, up by 660.17%, which mainly is the result of added value and amortization evaluation in the acquisition of Guangzhou Yaowan.
- (17) The amount of **capital reserve** at the end of the year increases 1,369,002,691.02 yuan compared to the amount at the beginning, up by 59.16%, which mainly is the result of premium due to additional issue in the acquisition of Guangzhou Yaowan.
- (18) The amount of **other comprehensive income** at the end of the year increases 3,681,255.64 yuan compared to the amount at the beginning, up by 181.25%, which mainly is the result of the difference of the foreign currency statement translation.

(IV). Analysis of core competitiveness

The company strengthens the efforts in the research and development of financial payment, Internet of Things, mobile Internet and information security during the report period, which further improves the company's ability to work on integrated solution for integrated circuit design, terminal design, software and application, and mobile Internet services, and the competitiveness of core products. In the field of integrated circuit design, we make integrated innovation to maintain the leading position in mobile communication chip, ID identification chip and financial& social security chip, and continue to strengthen the efforts for R&D and promotion of low-cost intelligent card chip and biface CPU chip. We have managed to effectively improve the competitiveness of terminal chip. Financial IC card chip independently researched and developed by us was the in the finalists of project bidding of several banks, and successfully passed product testing. Such IC card was issued in small batch. DATANG NXP Semiconductors Co., Ltd. was put into operation. Our arrangement in the field of key chip design for new energy automobile was completed. Our operating capability improves effectively. In the field of terminal design, our ability for terminal design and services has constantly enhanced, and we have businesses such as data terminal, industry terminal and application platform, and PCBA/ODM service. Our business in international market grows rapidly. The industry chain constantly improves. In the field of software and application, the application platform for urban service management and IOT and cloud computing platform continue to improve; several products and solutions with proprietary intellectual property rights were introduced and applied commercially, which satisfies the demand of entire industrial

development for basic platform. In the field of mobile Internet, an incubation model of “One Body Two Wings” for mobile Internet project was constructed initially; a cooperation mechanism combining cloud platform technology incubation, investment and financing incubation and park service incubation was further opened up; an incubation pattern for resource-type mobile Internet innovation project was preliminarily formed. Guangzhou Yaowan successfully developed several high level games. The capability for online games development and operation service was improved.

(V). Analysis of investment

1. General analysis of external equity investment

(1) About external equity investment by the company

	Unit: Millon	Currency: RMB
Amount invested in the report period		4,907.2933
Change in increase/decrease of amount invested		4,593.8707
Amount invested of the same period in last year		313.4226
Increase/decrease of amount invested (%)		1466

(2) Status of the invested company

Name of the invested company	Main business	Proportion in equities of the invested company (%)
DATANG NXP Semiconductors Co., Ltd.	Research, develop, design, produce and sell semiconductor integrated circuit and electron parts, and provide transfer of technology, technology consulting, technology service; import and export of relevant tech for integrated circuit; trade for whole sale, import/export of integrated circuit.	51.00
DATANG Terminal Technology Co., Ltd.	research, manufacture, and sale of tele-communication and electronic equipment, and relevant product, mobile phone set, device and meters, culture office equipment, computer hard/soft ware and peripheral equipment, system integration, optical wire, microelectronic device; technology exploitation, transfer of technology, technology consulting, tech service, business consulting for professional tech area like tele-communication, computer network project, and system integration; self-operate or act as agency for import/export of goods and tech; self-possessed mechanical equipment, leasing of specific equipments for electronic industry; R&D of bioidentification technology like fingerprint device etc.	100.00
DATANG Semiconductor Design Co., Ltd.	Engineering survey and design; Property management; Integrated circuit design; computer system integration; professional tech development, tech transfer, tech service, tech consulting in area of integrated circuit; Sales of electronic products, computer software /hardware and auxiliary equipment,	100.00

Name of the invested company	Main business	Proportion in equities of the invested company (%)
	communications equipment, instruments and meters; Import and export of goods/technology, agency for import and export of goods	
Beijing DATANG Zhicheng Software Technology Co., Ltd.	Exploitation, tech transfer, tech consulting, tech service for software technology; computer skill training; basic software service, utility software service; data processing; computer repairing; import/export of goods and tech, agency for import/export; computer system service; Sales of computers, software and auxiliary equipment, communication equipment, mechanical equipment, electronic product, device and elements; device and meters.	100.00
Shengyao Wireless Communication Technology (Beijing) Co., Ltd.	Tech exploitation, tech transfer, tech consulting, tech service; sales of communication equipment, electronic product, mechanical equipment; import/export of technology and goods, agency for import/export; manufacturing consignment for cell phone main-board or complete machine.	100.00
Nanjing Yunke Equity Investment Fund Management Co., Ltd.	Manage private equity investment fund on commission, operate on investment management and relevant consulting service business	40.00
Guangzhou Yaowan Entertainment Network Technology Co., Ltd.	design service of electronic goods; design service for communication engineering; design service for cartoon and derivatives; computer tech exploitation, tech service; computer network system engineering service; digital cartoon production; cartoon (animation) broker agency service; game design and making; advertisement; retail of communication equipment; R&D of electronic, communication and automation technology; software wholesale; software retail; software exploitation; software service; wholesale of electronic product; retail of electronic product; wholesale of computer, retail of computer; retail of medical supplies and devices (contains no medicine or medical equipment); online cartoon service; online game service	100.00
Shanghai Yaowan Entertainment Network Technology Co., Ltd..	operate in area of network technique and computer technique, including relevant tech exploitation, tech consulting, tech transfer, tech service, computer system integration, network engineering, cartoon design, originality service,	100.00

Name of the invested company	Main business	Proportion in equities of the invested company (%)
	image-text design and making, sales of computer, software and auxiliary devices.	
Wuxi Yaowan Entertainment Network Technology Co., Ltd.	computer network system engineering service; electronic product design service; communication engineering design service; design and making of cartoon and derivatives; computer tech exploitation, tech service; game software exploitation; retail of communication equipment; research and development of communication and automation technology; exploitation, sales, and tech service for software; sales of electronic product and computer.	100.00
DATANG Engage(Beijing) Mobile Technology Co., Ltd.	Tech exploitation, tech transfer, tech consulting, and tech service of computer software; sales of self-developed software.	10.00
365IME (Beijing) Network Technology Co., Ltd.	Tech exploitation, tech expansion, design, production, agency, advertising; import/export of technology	51.00
Xi'an DATANG Monitoring Technology Co., Ltd.	Exploitation, production and sales of communication equipment, computer hardware/software, monitoring product, electronic elements; design, construction and system integration of communication system, monitoring system, information system engineering; tech consulting for communication and monitoring technology, tech service.	49.00
DATANG Telecom (Hong Kong) Holding Co., Ltd.	Financing platform	100.00
Xinhua Haimeng (Tianjin) Technology Co., Ltd	Research, service, consulting for financial information tech; operation and management for uncommitted assets; tech exploitation and design for electronic commerce system and computer software/hardware; consulting service and project design for information-based system; company management consulting, economy information consulting (apart from consulting related with credit card, financial and capital loan); advertisement; sales, installation and repair for electronic product, communication product and accessories.	19.00
DATANG Telecom (Tianjin) Communication Terminals Manufacturing Co., Ltd.	The tech exploitation, tech transfer, tech consulting, tech service, manufacturing, and sales of electronic and communication equipment, mobile Tel set, device and meters, culture office equipment, computer hard/soft ware and peripheral equipment, system	100.00

Name of the invested company	Main business	Proportion in equities of the invested company (%)
	integration, optical wire, microelectronic device; communication and information system engineering design; self-operate or act as agency for import/export of goods and tech; forbidden projects are not included, when engaging in restricted or specially defined project, shall handle certain procedures; leasing of self-possessed mechanical equipment; R&D of bioidentification technology like fingerprint device etc.	

Note: 1. The company's subsidiary corporation is DATANG Software Technologies Co., Ltd., Beijing DATANG Smart Card Technology Co., Ltd. is holding 100% of equity right of Beijing DATANG Zhicheng Software Technology Co., Ltd.

2. The company's holding subsidiary corporation Xinhua Rerder (Beijing) network Technology Co., Ltd. possesses 10% equity of the DATANG Yingjia (Beijing) Mobile Technology Co., Ltd.

3. The company possesses 32% equity of 365IME (Beijing) network Technology Co., Ltd, and the company's holding subsidiary corporation Xinhua Rerder (Beijing) network Technology Co., Ltd. possesses 19% equity of 365IME (Beijing) network Technology Co., Ltd.

4. The company holds 16.8% equity of Xi'an DATANG Monitoring Technology Co., Ltd., and the company's holding subsidiary corporation Xi'an DATANG Telecom Technology Co., Ltd. holds 32.2% equity of Xi'an DATANG Monitoring Technology Co., Ltd.

5. The company's holding subsidiary corporation Xinhua Rerder (Beijing) Network Technology Co., Ltd possesses 19% equity of Xinhua Haimeng (Tianjin) Technology Co., Ltd.

2. Use of the fund raised

(1) General service condition of raised fund

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Year of raising	Raising method	Raised fund Total amount	Total amount of raised fund already used in this year	Total amount of raised fund already used in accumulation	Total amount of raised fund unused	Usage and direction of the unused raised-fund
November 1th, 2012	Non-public offering	617,020,000.00	17,805,890.83	603,918,988.42	13,101,011.58	Go on to be used for raise-investment project, the raised fund shall go on to be deposited in raised-fund monitoring account.
May 23, 2014	Non-public offering	410,484,206.08	410,484,206.08	410,484,206.08		
Total	/	1,027,504,206.08	428,290,096.91	1,014,403,194.50	13,101,011.58	/
Total service condition illustration of raised fund			Since raised fund entering account in ,November 1th, 2012, up to December 31st 2014, for the company and subsidiaries corporations including Leadcore Technology Co., Ltd., DATANG Microelectronics Technology Co., Ltd., the used raised-fund in accumulation is 1,014,403,194.50 yuan; for the company and			

subsidiary corporations including Leadcore Technology Co., Ltd., DATANG Microelectronics Technology Co., Ltd., the total surplus amount in raised-fund monitoring account is 13,393,501.92 yuan (Interest is 292,490.34 yuan). Since raised fund entering account in May 23rd 2014, up to December 31st 2014, the company's total used raised-fund is 410,484,206.08 yuan.

Detail of surplus raised fund deposit are as follows:

Name of account opener	Deposit bank	Account	Amount
Leadcore Technology Co., Ltd.	Shanghai Pudong Development Band—Jinqiao Branch	98840155200002030	13,393,501.92
Total			13,393,501.92

Instruction: other raised fund monitoring accounts of the company and subsidiary corporations including Leadcore Technology Co., Ltd., DATANG Microelectronics Technology Co., Ltd., are already closed, relevant interests had roll out.

(2) Status of commitment project of raised fund

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Name of commitment project	Whether the project is about to change	Planned input amount from raised fund	Input amount of this year from raised fund	Accumulated actual input amount of raised fund	Does it comply with schedule?	Project schedule	anticipated income	Production and earning status	Does it comply with expected earning?	Illustration for failing to reach planned schedule	Reasons for change and illustration for changing the process of raised fund
Research and development and industrialization project for high safety intelligent card chip platform which face financial area and industry application.	No	80,000,000.00		80,000,000.00	Yes	100%					
L1813&1812 smart phone chip solution project	No	90,000,000.00		90,000,000.00	Yes	100%					
Four in one wireless connecting chip Project of Leadcore Technology Co., Ltd.	Yes	30,000,000.00	16,898,988.42	16,898,988.42	No	56.33%					On December 7th, 2013, the 6 th session of the company's boarders on the 9 th meeting examined and approved on <i>Proposal of portions of raised capital for the capital increase of the Leadcore Technology Co., Ltd.</i> According to actual needs, the company plans to make use of the raised capital, RMB

Name of commitment project	Whether the project is about to change	Planned input amount from raised fund	Input amount of this year from raised fund	Accumulated actual input amount of raised fund	Does it comply with schedule?	Project schedule	anticipated income	Production and earning status	Does it comply with expected earning?	Illustration for failing to reach planned schedule	Reasons for change and illustration for changing the process of raised fund
											30,000,000.00, which was originally planned to use for the development project of the embedded software platform operating system of the smart phone chips of the next generation, of DATANG Technology Co., Ltd., to develop the project, <i>the Four in One Wireless Connecting Chip Project of Leadcore Technology Co., Ltd.</i> , with the help of capital increase.
Supplementary of the Daily Working Capital	No	417,020,000.00	906,902.41	417,020,000.00	Yes	100%					
To purchase assets through issuing shares from Zhou Hao and others.	No	410,484,206.08	410,484,206.08	410,484,206.08	Yes	100%			Yes		
Total	/	1,027,504,206.08	428,290,096.91	1,014,403,194.50	/	/	/	/	/	/	/
Introduction of the raised capital usage on the commitment project			①In November 2012, at the approval of the fifth session of company boarders on the 35th boarding meeting, the boarders agreed making use of RMB 617,020,000.00, the net amount of the raised capital through non-public issuing shares, on the following projects: RMB 90,000,000.00 on the L1813 and L1812 smart phone chip solution project; RMB 80,000,000.00 on the development and industrialized project of the smart phone chip platform with high security facing to finance and field applications; RMB 30,000,000.00 on the development project of the embedded software platform operating system of the smart phone chips of the next generation; RMB 417,020,000.00 on the supplementary of the daily working capital. On December 7th, 2013, the 6th session of the company's boarders on the 9th meeting and the third extraordinary general meeting of Year 2013 examined and approved on <i>Proposal of portions of raised capital for the capital increase of the Leadcore Technology Co., Ltd.</i> The company plans to make use of the raised capital in 2012, RMB 30,000,000.00, which was originally planned to use for the development project of the embedded software platform operating system of the smart phone chips of the next generation, of DATANG Technology (Shanghai) Co., Ltd., to develop the project, <i>the Four in One Wireless Connecting Chip Project of Leadcore Technology Co., Ltd.</i>, with the help of increasing the registered capital of <i>Leadcore Technology Co, Ltd.</i>								

Name of commitment project	Whether the project is about to change	Planned input amount from raised fund	Input amount of this year from raised fund	Accumulated actual input amount of raised fund	Does it comply with schedule?	Project schedule	anticipated income	Production and earning status	Does it comply with expected earning?	Illustration for failing to reach planned schedule	Reasons for change and illustration for changing the process of raised fund
			②According to the decision made on the 43th meeting by the 5th session of the company boards on June 27th, 2013, the decision on the second extraordinary general meeting on November 21st, 2013, and <i>The Reply on the Examination and Approval of DATANG Technology Co., Ltd. Issuing Shares to Zhou Hao and Others to Purchase Assets and Raise Correspondingly Capital</i>(Securities Regulatory Permission[2014]No.332), which was provided by China Securities Regulatory Commission on March 27th, 2014, with the combination means of both issuing shares and cash payment, the company purchased 100% shareholdings of Guangzhou Yaowan Entertainment Network Technology Co., Ltd., which was originally legitimated held by Zhou Hao, Chen Yong, Ye Yubing, Chen Ling, Kang Yanzun, Huang Yong, Hongfan Venture Capital Co., Ltd., Shibao Investment Co., Ltd., and Haitong Kaiyuan Investment Co., Ltd., and issued shares to raise corresponding capital and make use of the company's self-holding capital to pay the portion of cash considerations caused by the purchasing of the above mentioned shareholdings. Since the raising capital to the account until June 30th, 2014, in accordance with the usage instruction of the raising capital, the company paid the total raised capital, RMB410,484,206.08, in time to restructuring dealing party, and the company used all the raising capital for the restructuring.								

Introduction of the raised capital for the changed project

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

The total investment amount of the changed project										
The name of the changed project	The correspondingly original investment project	The proposal investment amount of the changed project	Investment amount of the year	The cumulative amount of actual investment	Does it comply with schedule?	The expected income of the change project	Project earning status	Project schedule	Does it comply with expected earning?	Illustration for failing to reach planned schedule
Four in one wireless connecting chip Project of Leadcore Technology Co., Ltd.	The development project of the embedded software platform operating system of the smart phone chips of the next generation	30,000,000.00	16,898,988.42	16,898,988.42	No					The project delayed due to the delaying schedule of the cooperation party.
Total	/	30,000,000.00	16,898,988.42	16,898,988.42	/		/	/	/	/
Introduction of the raised capital for the changed project			On December 7th, 2013, the 6 th session of the company's boards on the 9 th meeting and the third extraordinary general							

The total investment amount of the changed project										
The name of the changed project	The correspondingly original investment project	The proposal investment amount of the changed project	Investment amount of the year	The cumulative amount of actual investment	Does it comply with schedule?	The expected income of the change project	Project earning status	Project schedule	Does it comply with expected earning?	Illustration for failing to reach planned schedule
			meeting of Year 2013 examined and approved on <i>Proposal of portions of raised capital for the capital increase of the Leadcore Technology Co., Ltd.</i> The company plans to make use of the raised capital in 2012, RMB 30,000,000.00, which was originally planned to use for the development project of the embedded software platform operating system of the smart phone chips of the next generation, of DATANG Technology (Shanghai) Co., Ltd., to develop the project, <i>the Four in One Wireless Connecting Chip Project of Leadcore Technology Co., Ltd.</i> , with the help of increasing the registered capital of <i>Leadcore Technology Co, Ltd.</i>							

3. Analysis of main subsidiaries and joint-stock companies

Unit: Yuan Currency: RMB(The monetary unit is RMB unless otherwise specified)

Unit Name	Business Scope	Registered Capital	Total Asset	Shareholders Equity	Operating income	Net Profit
DATANG Microelectronics Technology Co., Ltd.	Integrated circuit products, and smart card system and software, and so on	204,210,526.32	1,423,712,165.97	635,229,801.65	887,699,823.31	147,128,146.85
DATANG Software Technology Co., Ltd.	Computer software development, technology development, technology transfers, consulting, and training and so on.	109,720,080.00	2,201,676,006.86	331,926,135.46	1,666,772,625.24	26,162,224.73
Xi'an DATANG Telecom Technology Co., Ltd.	Communication equipment, communication terminal, and development, production and sales of electronic components	492,398,051.52	1,346,111,807.70	22,235,842.36	139,576,361.06	-77,028,976.33
Shanghai Uniscope Communication Technologies Co., Ltd.	Communication equipment and related products, development and sale of computer software and hardware,	6,000,000.00	881,952,685.93	306,242,631.67	1,364,365,712.49	84,944,277.68
DATANG Telecom (Tianjin) Communication Terminals Manufacturing Co., Ltd.	Communication equipment and related products, development and sale of computer software and hardware,	10,000,000.00	234,107,785.82	-88,882,558.35	403,043,625.38	-46,592,806.94
DATANG Telecom (Chengdu) Information	Sales of electronic equipment, communication equipment,	100,000,000.00	269,565,625.84	98,874,094.41	13,426,522.16	-11,153,152.43

Unit Name	Business Scope	Registered Capital	Total Asset	Shareholders Equity	Operating income	Net Profit
Technology Co., Ltd.	application system integration, optical cable, radio frequency 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.					
Xinhua Reader (Beijing) Network Technology Co., Ltd.	Internet information service, electronic publication distribution business, and electronic publications replication business, network communication of officially published books, newspapers and periodicals content, the use of information network to running animation products, produce animated films, feature films, television variety, no rights of producing the current politics news and the radio and television programs such as column and a similar project; technology development, production, advertising, technology import and export	44,450,000.00	96,253,746.87	52,814,743.37	66,592,145.43	10,417,454.44
Leadcore Technology Co., Ltd.	Technology development, technology transfer, technical advice, technical services, technical training, technical contracting, technology investment, technology intermediary in the field	340,384,615.00	2,670,649,567.49	1,141,527,812.41	1,644,065,566.12	234,782,601.40

Unit Name	Business Scope	Registered Capital	Total Asset	Shareholders Equity	Operating income	Net Profit
	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					
Qidong Uniscope Electronics Co., Ltd.	Manufacturing and sales of industrial electronic module and communication equipment and components	10,000,000.00	68,723,735.52	47,931,905.13	48,431,473.51	10,970,288.89
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	720,804,197.82	197,239,079.17	361,632,603.64	41,884,281.23
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.	777,990,000.00	4,643,685,705.69	1,991,193,035.48	2,817,332,690.25	370,745,202.63

Unit Name	Business Scope	Registered Capital	Total Asset	Shareholders Equity	Operating income	Net Profit
	engineering surveying and design; property management. (Except projects without achieving administrative license)					
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)	USD 20,000,000.00	144,911,387.02	56,192,788.68	51,298,421.97	1,563,169.39
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	425,249,020.48	395,375,512.45	248,449,690.99	129,301,783.18
DATANG Terminal Technology Co., Ltd.	Research and development, manufacturing and sales of communication and electronic	663,017,700.00	1,208,218,739.80	623,894,274.69	1,507,149,008.63	90,519,570.05

Unit Name	Business Scope	Registered Capital	Total Asset	Shareholders Equity	Operating income	Net Profit
	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 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)					

4. Non-fundraising projects
☒ Applicable ☐ Not applicable

				Unit: Million	Currency: RMB
Project name	Project Amount	Project schedule	Investment amount of the year	The cumulative amount of actual investment	Project Earnings
Integrated Circuit Industry Consolidation Project	2,435.42	Completed Setup of the New Company and Equity Capital Increase	2,435.42	2,435.42	
Terminal Industry Consolidation Project	663.01	Completed Share Acquisition of Shengyao Wireless Co., Ltd., and Setup of the New Company	663.01	663.01	
Total	3,098.43	/	3,098.43	3,098.43	/
Non-funding-raising Project		In January 2014, approved by the company board of directors of the sixth session on the 11th meeting, the company agrees to establish a wholly owned subsidiary in Beijing, and to take the company as a subsidiary to integrate Leadcore Technology Co., Ltd. with DATANG Microelectronics Technology Co., Ltd. to develop the platform of the integrated circuit(IC) design industry. The registered capital of the new company is 233,400,000.00 yuan in cash with its business scope of related business in IC design field. On February 25th, 2014, DATANG Semiconductor Design Co., Ltd., the development platform of integrate circuit design industry, completes its establishment of industrial and commercial registration. In April 2014, on the 14th meeting of the sixth session of the boarders and with the approval of the 1st temporary shareholder's meeting in Year 2014, the boarders agreed to hold 95% shareholdings of the DATANG Microelectronics Technology Co., Ltd., and 100% shareholdings of Leadcore Technology Co., Ltd., to increase the capital of the wholly-owned subsidiary of DATANG Semiconductor Design Co., Ltd.. According to a reference to <i>Chinese Commentary Report [2014] No. 34 and 35 on the Result of Value Appraisal</i> issued by the Chinese Assets Appraisal Co., Ltd., take 95% shareholdings of DATANG Microelectronics Technology Co., Ltd. held by the company as RMB 598,410,000.00, and 100% shareholdings of Leadcore Technology Co., Ltd. as RMB 1,603,610,000.00. In the equity capital increase of RMB 2,202,020,000.00, RMB 544,590,000.00 to increase the registered capital of DATANG Semiconductor Design Co., Ltd., RMB 1,657,430,000.00 as capital reserves of DATANG Semiconductor Design Co., Ltd. After the completion of the capital increase, registered capital of the DATANG Semiconductor Design Co., Ltd. is RMB 777,990,000.00. The items of capital increase have been completed on the industrial and commercial alteration registration on April 24, 2014. In June 2014, approved by the company board of directors of the sixth session on the			

Project name	Project Amount	Project schedule	Investment amount of the year	The cumulative amount of actual investment	Project Earnings
		17 th meeting, the directors agreed that the company would accept to sell as the price of 1.00 yuan shareholdings of Shengyao Wireless Communication Technology (Beijing) Co., Ltd., 27.4% and 32.6% held by Wu Zunxiang and Shengyao Dingcheng Technology (Beijing) Co., Ltd. respectively. After the completion of the acquisition, the company will hold 100% shareholdings of Shengyao Wireless Communication Technology Co. Ltd. The company agreed to invest 100,000,000.00 yuan in cash, 100% shareholdings of Shanghai Uniscope Communication Technologies Co., Ltd, 100% shareholdings of Qidong Uniscope Electronics Co., Ltd., and 100% shareholdings of Shengyao Wireless Communication Technology Co., Ltd., to set up a new company, DATANG Terminal Technology Co., Ltd., in Tianjin Airport Logistics Processing Zone. According to the evaluation value, the total amount of equity investment above is 563,017,700.00 yuan, all of which was included into the paid-in capital of DATANG Terminal Technology Co., Ltd. DATANG Terminal Technology Co., LTD., registered with the capital of 663,017,700.00 yuan, and business scope in the field of design, research and development, production and marketing of terminal industry. DATANG Terminal Technology Co., Ltd. has completed the establishment of industrial and commercial registration on June 25 th , 2014.			

II. Discussion and analysis of Board of Directors on future development of the company

(I). Competition pattern and development trend of the industry

In 2015, Chinese economy under the "new normal" focuses more on the quality of the economic development, and the words "internet +", "Industry 4.0", "integrated circuit industry development" and others have already been the hot words in the development and industrial reform of the Chinese economy in Year 2015. 4G mobile communication will push the economic society into an era of high-speed internet and drive the development of the upstream and downstream industries. The information safety will be laid in a national strategic height and face its key stage of strategic development. The Internet of Things, smart city and industry information building will see great progress. The mobile internet will enhance its integration with traditional industry to achieve continuous innovation of business modes. In general, the electronic information industry, with wonderful basis and prospective, will become the main force to propel economic growth.

In IC design, IC industrial chain is still dominated by foreign enterprises and domestic chips are developed with low independence. With the speeding development of electronic information industry, China has increasing demand on IC and is facing fierce competition. The smart terminal chip market is becoming mature, and the markets related to Internet of Things, smart home and wearable computer are cultivated, which is expected to grow rapidly in the future 2-3 years. The state attaches great importance to the development of IC. It has released the industry promotion program, frequently put into "major funds", encouraged enterprises to make innovations on their own, enlarge their scales and integrate the industries, and actively promoted the leapfrog development of IC industry.

In terminal design, the mobile informatization of vertical industry is upgraded, showing favorable market expectation; the forms of terminal products are richer, and the segment markets of wearable equipment, smart television, household intelligent terminal and other smart hardware are going to bloom. Meanwhile, although in face of fiercer market competition, the domestic terminal products will seize larger market shares, the product profit will still be dominated by iPhone, Samsung and other large manufacturers. In such competition environment, domestic terminal manufacturers face serious challenges in terms of their technical capability, operation competency and financial strength.

In software and application, the informatization and intelligentization will continue. The state has issued information consumption policies, and launched benefit-the-people information projects. The smart city construction is promoted in order in all parts of the country, and the medical care and education closely related to people's living being are thriving. In the general environment of information safety, domestic manufacturers have run into the opportunities for development. At the same time, there are a great variety of information integration enterprises within China which are facing low concentration and fierce competition. As the cloud computation, big data and other technologies develop, the providing of consultancy and solutions, the development, implementation and maintenance of IT integrated solutions or the providing of "cloud service" based on the internet are the future direction.

Recently, the mobile internet is becoming prosperous vigorously. "Internet+", O2O and other concepts have generated integration and innovation of multiple aspects, and relevant applications and platforms are presented in large scale. The domestic market pattern led by such industrial giants as Ali, Tencent and Baidu will not usher in prominent change in the near term. In the mass application and service field, there is fierce competition, and the game, mobile payment and industrial application are developing in high speed. In the meantime, the concentrated burst of capital operation has begun, and frequent capital operation has become the new pattern for development of mobile internet business.

(II). Development strategies of the company

In 2015, the company will extend the existing development strategies, namely to provide overall solutions and services for the government, the industry, the enterprises and the consumers with the domestic leading IC design, terminal design, software and application, and mobile internet business as the core, thus developing into the comprehensive leading solution and service provider within the segment market. Stick to the general idea of “stabilizing growth, adjusting structure, concentrating resources, improving benefits and controlling risks”, go on optimizing the business layout, adjust the industrial structure, further enhance the layout and balanced development of the four industries including “chip, terminal and cloud” based IC design, terminal design, software and application, and mobile internet, sustain the growth of market operation competency, technical innovation capability, resource allocation ability and risk control ability, improve the operation competency and comprehensive competitive edge of the industry, and try to realize the new goal of “intensified development”.

(III). Operation plan

In 2015, guided by the national policy framework, the company will deepen the utilization of such opportunities as information safety and information consumption, and take advantage of industrial development opportunities such as mobile internet, Internet of Things and integration of three networks, accelerate the strategic transformation, enhance the upstream and downstream integration ability of the industrial chain, further exploit the enterprise market and the industrial market, form scale and influence, and gradually form the industrial pattern of “information consumption” market oriented to mobile internet and “information safety” market oriented to Internet of Things.

In 2015, the company will put into more resources to start new businesses, develop new products, continuously improve the chip design capability, actively seek for support from the national and local governments, and realize leapfrog development of IC design through capital operation. Display the integration advantages of the terminal design industry chain, and actively extend the high-value industry markets. Intensify the market competency of industry informatization, and strengthen the independent development of products. Go on completing the “One Body Two Wings” incubation model in the mobile internet industry, and strengthen the construction of cloud platform ability and financing ability.

(IV). The company’s fund requirement for maintenance of current business and completion of investment projects in progress

In 2015, the company will apply medium-and-long-term borrowings from commercial banks to provide required funds for infrastructure construction of Beijing Research & Development Center.

(V). Risks that may be faced

(1) Strategic risks

In 2015, the domestic economy is developing in “new normal” In recent years, the state, propped up by technological innovation, has promoted strategic adjustment of economic structure and change of economic development modes. The strategic emerging industry is developing rapidly, accelerating the transformation and upgrading of economic structure in our country. The extension of informational and intelligent application in depth and width, and the deep integration and innovation of industrial intelligentization and internet with the industry have brought force the 4.0 industry revolution. Moreover, the stable implementation of the new industrialization, informatization, urbanization and agricultural modernization and the successive release of relevant policies have quickened the extensive application of information technology in all fields of the society.

With respect to the new changes in economic development, following the requirement to know the new normal, adapt to the new normal and lead the new normal proposed by the central government, the company will effectively assess, follow up and feed back relevant changes and dynamics in development to find out new opportunities and control risks. In the four industry sections of the company, the involved industrial aspects include the

traditional and emerging industries of IC, software, terminal and mobile internet, which are influenced by the general economic condition and change of relevant national industrial policies. Therefore, any significant change of national policies in the future will bring out uncertainties for relevant businesses of the company.

(2) Financial Risk

With the new changes of domestic economic situation, and constant increase of the company's scale of operation, gradual complexity during production and operation, and operation and financial risks remained. It mainly embodies in heavier historical burden, irrational asset structure, low asset quality, heavier debt burden, operation efficiency and profitability to be improved, and management of working capital to be improved. Existence of financial risk may have some impact on the company's profitability, and its healthy and benign development.

For these problems, in 2015, the company will enhance recovery work of receivables and reinvigorating strength of inventory, implement returned money as quickly as possible, realize cash back, promote operation efficiency, improve management of working capital. Based on guaranteeing overall need of operating fund, actively expand financing channel, gradually adjust the proportion of short and long term borrowing for debt financing, regulate financing structure, reduce debt risk that may occur due to increase of the company's overall financing scale of short-term debt. And meanwhile, by promoting construction work of fund sharing, strengthen fund standardization and delicacy management, improve capital usage efficiency, control financing scale, reduce financial cost, and consolidate robustness of the company's capital chain.

III. Explanation of Board of Directors on "Non-standard Auditors' Report" of the accounting firm

(I). Explanation of Board of Directors or Board of Supervisors on "Non-standard Auditors' Report" of the accounting firm

☐ Applicable ☒ Not applicable

(II). Analysis and explanation of Board of Directors on reasons and effects of changes of accounting policies, accounting estimation and accounting methods

☒ Applicable ☐ Not applicable

According to the accounting principle enacted or modified by the Ministry of Finance in 2014, the company shall alter appropriate parts of accounting policy, and check related accounts and make retroactive adjustment, and the accounting policy altered shall conform to relevant provisions specified by the Ministry of Finance, CSRC (China Securities Regulatory Commission), SSE (Shanghai Stock Exchange), and etc, and enable to reflect then company's financial situation and operating performance objectively and fairly, without any circumstance that damages the company and its shareholders' benefits.

(III). Analysis and explanation of Board of Directors on reasons and effects of modification of major errors identified in the early stage

☐ Applicable ☒ Not applicable

IV. Plan for profit distribution or for turning capital reserve into equity

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

The company modified the provisions related to cash dividend policy in the Articles of Incorporation in September 11, 2012, and carry out explicit statement for specific condition and proportion of cash dividend, deliberation procedure of profit distribution profit distribution scheme, decision-making procedures to modify. The company modified the provisions related to cash dividend policy in the Articles of Incorporation in September 11, 2012, and carry out explicit statement for specific condition and proportion of cash dividend, deliberation procedure of profit distribution profit distribution scheme, decision-making procedures to modify

The company made profit, but its parent company had negative retained earnings, and

deliberated and passed the company's the sixth session of twenty-seventh board of directors, without any pre-arranged planning for profit distribution and share capital increase from accumulation fund during the reporting period.

- (II). The company's program or plan for profit distribution or for turning capital reserve into equity in recent three years (including report period)

Unit :Yuan Currency:RMB						
Dividend Annual	Number of bonus shares per 10 ordinary shares (share)	Number of dividends (taxes included) per 10 ordinary shares (Yuan)	Number of shares converted by capital reserve per 10 ordinary shares (share)	Amount of cash dividend (Tax included)	Net profit attributed to shareholders of listed companies in consolidated statements of annual dividends	Proportion (%) of net profit attributed to shareholders of listed companies in consolidated statements
2014					217,042,207.05	
2013					155,615,858.74	
2012					168,896,550.09	

V. Active fulfillment of social responsibilities

(I). Social responsibility work

For details see Year 2014 Social Responsibility Report of DATANG Technology Co., Ltd. published on SSE website on April 18, 2015

Section 5 Important Matters

I. Major litigation, arbitration and other matters widely questioned by the media

☐ Applicable ☒ Not applicable

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

III. ☐ Applicable ☒ Not applicable

III. Matters related to bankruptcy and reorganization

None

IV. Matters concerning asset transaction or business merger

☒ Applicable ☐ Not applicable

- (I) Matters concerning company acquisition, asset sales and enterprise merger have been disclosed in the temporary announcement and there are no changes in the follow-up implementation

Overview and types of matters	Query index
In January 2014, approved by the company board of directors of the sixth session on the 11 th meeting, the company agrees to establish a wholly owned subsidiary in Beijing, and to take the company as a subsidiary to integrate Leadcore Technology Co., Ltd. with DATANG Microelectronics Technology Co., Ltd. to develop the platform of the integrated circuit(IC) design industry. The registered capital of the new company is 233,400,000.00 million yuan in cash with its business scope of related business in IC design field. On February 25 th , 2014, DATANG Semiconductor Design Co., Ltd., the development platform of integrate circuit design industry, completes its establishment of industrial and commercial registration.	The Shanghai Stock Exchange website on January 22, 2014
In April 2014, on the 14 th meeting of the sixth session of the boards and with the approval of the 1 st temporary shareholder's meeting in Year 2014, the boards agreed to hold 95% shareholdings of the DATANG Microelectronics Technology Co., Ltd., and 100% shareholdings of Leadcore Technology Co., Ltd., to increase the	The Shanghai Stock Exchange website on April 1, 2014

Overview and types of matters	Query index
capital of the wholly-owned subsidiary of DATANG Semiconductor Design Co., Ltd.. According to a reference to <i>Chinese Commentary Report [2014] No. 34 and 35 on the Result of Value Appraisal</i> issued by the Chinese Assets Appraisal Co., Ltd., take 95% shareholdings of DATANG Microelectronics Technology Co., Ltd. held by the company as RMB 598,410,000.00, and 100% shareholdings of Leadcore Technology Co., Ltd. as RMB 1,603,610,000.00. In the equity capital increase of RMB 2,202,020,000.00, RMB 544,590,000.00 to increase the registered capital of DATANG Semiconductor Design Co., Ltd., RMB 1,657,430,000.00 as capital reserves of DATANG Semiconductor Design Co., Ltd.. After the completion of the capital increase, registered capital of the DATANG Semiconductor Design Co., Ltd. is RMB 777,990,000.00. The items of capital increase have been completed on the industrial and commercial alteration registration on April 24, 2014.	
In June 2014, approved by the company board of directors of the sixth session on the 17th meeting, the directors agreed that the company would accept to sell as the price of 1.00 yuan shareholdings of Shengyao Wireless Communication Technology (Beijing) Co., Ltd., 27.4% and 32.6% held by Wu Zunxiang and Shengyao Dingcheng Technology (Beijing) Co., Ltd. respectively. After the completion of the acquisition, the company will hold 100% shareholdings of Shengyao Wireless Communication Technology Co., Ltd. The company agreed to invest 100,000,000.00 yuan in cash, 100% shareholdings of Shanghai Uniscope Communication Technologies Co., Ltd, 100% shareholdings of Qidong Uniscope Electronics Co., Ltd., and 100% shareholdings of Shengyao Wireless Communication Technology Co., Ltd., to set up a new company, DATANG Terminal Technology Co., Ltd., in Tianjin Airport Logistics Processing Zone. Based on the evaluation price, the above total equity contribution is around RMB563,017,700, which are all included in the paid-up price of DATANG Terminal Technology Co., Ltd.. The registered capital of DATANG Terminal Technology Co., Ltd. is around RMB663,017,700. The business is positioned in the terminal industry R&D, manufacturing and marketing. DATANG Terminal Technology Co., Ltd. has completed the establishment of industrial and commercial registration on June 25th, 2014.	The Shanghai Stock Exchange website on June 21, 2014

V. The company's equity incentive and effects thereof

☐ Applicable ☒ Not applicable

VI. Major related transactions

√ Applicable □ Not applicable

(I). Transactions related to daily operation

1. Matters disclosed on the transitory bulletin but with progress or changes of follow-up implementation

(1) Table of procurement of goods and accepting of labor services

Unit :Yuan Currency:RMB

Related party	Contents of affiliate transaction	Pricing mode and decision-making process for affiliate transaction	Amount incurred in current period		Amount incurred in previous period	
			Amount	Proportion of similar transaction amount (%)	Amount	Proportion of similar transaction amount (%)
DATANG Mobile Communications Equipment Co., Ltd.	Purchase of commodities	Negotiated price	11,993,896.13	0.19	12,643,100.57	0.20
Gohigh Data Network Technology Co., Ltd.	Purchase of commodities	Negotiated price	2,520,062.09	0.04	12,731,021.31	0.20
Shanghai DS Communication Equipment Co., Ltd.	Purchase of commodities	Negotiated price	2,713,473.53	0.04	1,183,658.98	0.02
Semiconductor Manufacturing International Corporation	Purchase of commodities	Negotiated price	92,337,131.07	1.45	92,396,911.89	1.46
DATANG Telecom Technology International (HK) Co., Ltd.	Purchase of commodities	Negotiated price	281,497,269.43	4.41	154,536,264.90	2.44
Research Institute of Telecommunications Technology	Purchase of commodities	Negotiated price		-	14,800,000.00	0.23
The First Research Institute of Telecommunications Technology	Purchase of commodities	Negotiated price	2,641,509.43	0.04	3,820,754.72	0.06
DATANG Lianyi Science and Technology Co., Ltd.	Purchase of commodities	Negotiated price	5,661,538.46	0.09	9,663,247.89	0.15
Beijing DATANG Carera Investment Co.	Acceptance of labor service	Negotiated price	1,728.00	0.00		-
Research Institute of Data Communication Technologies	Acceptance of labor service	Negotiated price	713,664.36	0.01	894,104.83	0.01
Research Institute of Telecommunications Technology	Acceptance of labor service	Negotiated price	24,198,459.91	0.38	1,120,485.00	0.02
DATANG Mobile Communications Equipment Co., Ltd.	Acceptance of labor service	Negotiated price	534,339.62	0.01	836,792.46	0.01
DATANG Telecom Technology Industry Holdings Co., Ltd.	Acceptance of labor service	Negotiated price	255,377.91	0.00	1,709,552.64	0.03
Chengdu Tairui	Acceptance	Negotiated price	12,641.51	0.00	94,339.62	0.001

Related party	Contents of affiliate transaction	Pricing mode and decision-making process for affiliate transaction	Amount incurred in current period		Amount incurred in previous period	
			Amount	Proportion of similar transaction amount (%)	Amount	Proportion of similar transaction amount (%)
Communication Equipment Co., Ltd.	of labor service					
Gohigh Data Network Technology Co., Ltd.	Acceptance of labor service	Negotiated price	1,300.00	0.00	14,963,000.00	0.24
The Fifth Research Institute of Telecommunications Technology	Acceptance of labor service	Negotiated price		-	2,356,008.74	0.04
The First Research Institute of Telecommunications Technology	Acceptance of labor service	Negotiated price	1,566,245.29	0.02	1,207,547.17	0.02
China National Radio Spectrum Management Institute	Acceptance of labor service	Negotiated price	48,000.00	0.00		-
Research Institute of Data Communication Technologies	Acceptance of labor service	Negotiated price	3,076.92	0.00	4,717.95	0.0001
Semiconductor Manufacturing International Corporation	Acceptance of labor service	Negotiated price	1,021,609.46	0.02	3,706,117.07	0.06
DATANG Lianyi Science and Technology Co., Ltd.	Acceptance of labor service	Negotiated price	717,948.72	0.01		-
Total			428,439,271.84	6.71	328,667,625.74	5.1911

(2) Sale of goods and supply of labor service

Unit :Yuan Currency:RMB

Related party	Related transaction	Pricing mode and decision-making process for affiliate transaction	Amount incurred in current period		Amount incurred in previous period	
			Amount	Proportion of similar transaction amount (%)	Amount	Proportion of similar transaction amount (%)
DATANG Telecom Technology Industry Holdings Co., Ltd.	Commodities sales	Negotiated price	840,730.76	0.01	17,036,538.46	0.22
DATANG Mobile Communications Equipment Co., Ltd.	Commodities sales	Negotiated price	7,457,320.92	0.09	25,723,089.59	0.32

Related party	Related transaction	Pricing mode and decision-making process for affiliate transaction	Amount incurred in current period		Amount incurred in previous period	
			Amount	Proportion of similar transaction amount (%)	Amount	Proportion of similar transaction amount (%)
Gohigh Data Network Technology Co., Ltd.	Commodities sales	Negotiated price	9,133,973.71	0.11	1,000,881.78	0.01
DATANG Telecom Technology International Co., Ltd.	Commodities sales	Negotiated price	492,333,412.48	6.17	252,774,108.53	3.19
DATANG Telecom Technology International (HK) Co., Ltd.	Commodities sales	Negotiated price	295,438,531.04	3.70	158,156,699.48	2.00
Research Institute of Data Communication Technologies	Commodities sales	Negotiated price	77,899,470.19	0.98	60,520,004.27	0.76
DATANG Liancheng Information System Technology Co., Ltd.	Commodities sales	Negotiated price	38,180,734.32	0.48	2,679,357.03	0.03
The Fifth Research Institute of Telecommunications Technology	Commodities sales	Negotiated price	55,316.24	0.00	314,295.73	0.004
The Tenth Research Institute of Telecommunications Technology	Commodities sales	Negotiated price	1,717,998.30	0.02	1,959,223.29	0.02
The First Research Institute of Telecommunications Technology	Commodities sales	Negotiated price		-	3,754,716.98	0.05
Research Institute of Telecommunications Technology	Commodities sales	Negotiated price	64,603.42	0.00	539,339.63	0.01
DATANG Lianyi Science and	Commodities sales	Negotiated price		-	5,150,000.00	0.07

Related party	Related transaction	Pricing mode and decision-making process for affiliate transaction	Amount incurred in current period		Amount incurred in previous period	
			Amount	Proportion of similar transaction amount (%)	Amount	Proportion of similar transaction amount (%)
Technology Co., Ltd.						
The First Research Institute of Telecommunications Technology	Rendering of services	Negotiated price	3,867,924.53	0.05	1,539,622.64	0.02
Research Institute of Telecommunications Technology	Rendering of services	Negotiated price	263,017.08	0.00	1,443,977.85	0.02
DATANG Mobile Communications Equipment Co., Ltd.	Rendering of services	Negotiated price	500,000.00	0.01	9,743.60	0.0001
The Tenth Research Institute of Telecommunications Technology	Rendering of services	Negotiated price		-	20,000.00	0.0003
DATANG Telecom Technology Industry Holdings Co., Ltd.	Rendering of services	Negotiated price	569,000,000.00	7.13		-
Total			1,496,753,032.99	18.75	532,621,598.86	6.7244

(3) Other related transactions

Unit :Yuan Currency: RMB

Related party	Contents of affiliate transaction	The types of related transaction	The pricing principle of related transaction	This year's incurred amount	Amount incurred in previous period
Research Institute of Telecommunications Technology	Rent, water and electricity, property management fees	Other	Negotiated price	977,518.00	3,414,776.16
Beijing DATANG Carera Investment Co.	Rent, water and electricity, property management fees	Other	Negotiated price	452,715.83	1,158,372.47
DATANG Investment Holdings Development (Shanghai) Co., Ltd.	Rent, water and electricity, property management fees	Other	Negotiated price	270,975.00	215,934.00
DATANG Telecom Technology Industry Holdings Co., Ltd.	Rent, water and electricity, property management fees	Other	Negotiated price		106,000.00
The Fifth Research Institute of Telecommunications	Rent, water and electricity, property	Other	Negotiated price	223,236.00	542,826.85

Related party	Contents of affiliate transaction	The types of related transaction	The pricing principle of related transaction	This year's incurred amount	Amount incurred in previous period
Technology	management fees				
The First Research Institute of Telecommunications Technology	Rent, water and electricity, property management fees	Other	Negotiated price		214,009.43
Total				1,924,444.83	5,651,918.91

(II). Related credits and debts

1. Matters disclosed on the transitory bulletin but with progress or changes of follow-up implementation

Unit: Yuan Currency: RMB

Related party	Relationship	Funds provided to related parties			Funds provided by related parties to public companies		
		The beginning of the period	Amount incurred	At the end of the period	The beginning of the period	Amount incurred	At the end of the period
		Balance		Balance	Balance		Balance
Gohigh Data Network Technology Co., Ltd.	Holding subsidiaries of parent company	2,206,873.81	-658,190.00	1,548,683.81	100,000.00		100,000.00
Semiconductor Manufacturing International Corporation	Other	172,740.97	-158,396.79	14,344.18			
Beijing DATANG Carera Investment Co.	Wholly-owned subsidiaries of parent company				754,135.97	-754,135.97	
Research Institute of Telecommunications Technology	Parent company				353,906,375.50	526,806,118.47	880,712,493.97
DATANG Telecom Technology Industry Holdings Co., Ltd.	Equity participation Shareholder				617,000,000.00	-526,111,355.56	90,888,644.44
DATANG Telecom Group Finance Co., Ltd.	Wholly-owned subsidiaries of parent company				905,000,000.00	-425,000,000.00	480,000,000.00
DATANG Telecom Technology International (HK) Co., Ltd.	Holding subsidiaries of parent company				33,876,863.36	-33,876,863.36	
Research Institute of Data Communication Technologies	Wholly-owned subsidiaries of parent company				894,104.83	713,664.36	1,607,769.19
DATANG Mobile Communications Equipment Co., Ltd.	Holding subsidiaries of parent company				47,341.50	519,776.50	567,118.00
The Tenth Research Institute of Telecommunications Technology	Wholly-owned subsidiaries of parent company				3,529.67		3,529.67
Total		2,379,614.78	-816,586.79	1,563,027.99	1,911,582,350.83	-457,702,795.56	1,453,879,555.27

Related party	Relationship	Funds provided to trlated patied			Funds provided by related parites to public companies		
		The beginning of the period	Amount incurred	At the end of the period	The beginning of the period	Amount incurred	At the end of the period
		Balance		Balance	Balance		Balance
The amount of funds (RMB) provided by the company to the controlling shareholder and its subsidiaries during the reporting period		-658,190.00					
The balance (RMB) provided by the company to the controlling shareholder and its subsidiaries		1,548,683.81					
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 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 (RMB1.962 billion) to DATANG Telecom Group Finance Co., Ltd., increases the loan by RMB871 million from DATANG Telecom Group Finance Co., Ltd.; repays the loan (RMB670 million) to Research Institute of Telecommunications Technology, increases the loan by RMB1.199 billion from Research Institute of Telecommunications Technology; repays the loan (RMB817 million) to DATANG Telecom Technology Industry Holdings Co., Ltd., increases the loan by RMB288 million from DATANG Telecom Technology Industry Holdings Co., Ltd.; repays the loan (RMB33 million) to DATANG Telecom Technology International (HK) Co., Ltd.					
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.					

VII. Major contracts and performance thereof

1 Matters concerning the trusteeship, contracting and leasing

☐ Applicable ☒ Not applicable

2 Guarantee

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

The external security of company (excluding guarantees to subsidiaries)													
garantor	The relationship between the guarantor and the public company	Secured party	Guaranteed amount	The date of guarantee (agreement assigned)	Guarantee Starting date	Guarantee Due date	The type of guarantee	Whether all guarantees are fulfilled	Guarantee overdue or not	Guarantee overdue amount	Whether a counter-guarantee exists	Whether the related party is guarantee	relationship
Total amount of guarantee in the report period (excluding guarantees to subsidiaries)													
0													
Total guarantee balance at the end of the report period (A) (excluding guarantees to subsidiaries)													
0													
The company's guarantee to subsidiaries													
Total amount of guarantee in the report period for subsidiaries													
1,879,653,488.30													
Total guarantee balance at the end of the report period for subsidiaries (B)													
1,878,776,688.30													
The company's total guarantee (including guarantees to subsidiaries)													
Garantee amount (A+B)													
1,878,776,688.30													
Garantee amount propotion of company's total net assets (%)													
46.61													
including:													
The amount of guarantee provided for shareholders, actual controllers and related parties (C)													
0													
Amount of debt guarantees provided directly or indirectly to the asset-liability ratio exceeded 70% of the secured object (D)													
1,705,754,758.84													
The amount which guarantees total is over 50% of net assets (E)													
0													
Total amount of the above three guarantees (C+D+E)													
1,705,754,758.84													
Unexpired guarantee may bear joint liability													
Guarantee description													
At the end of the contract, balance of guarantee provided by the company is RMB 1.879 billion which are all guaranteed by subsidiaries.													

VIII. Performance of the commitments

√ Applicable □ Not applicable

(I) Commitments to be performed by public company, shareholders holding more than 5% of the shares, controlling shareholders and actual controllers within the report period or till the end of the report period

Commitment background	Commitment Types	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.	Committed time: May 14, 2012, committed term: 3 years	Yes	Yes		
	Profit forecast and compensation	Research Institute of Telecommunications Technology	If this transaction will be ended in 2012, then in 2012, 2013 and 2014, net profit realized by LEADCORE every year shall not less than the net profit of estimating report in the corresponding period, and for details of profit forecast compensation agreement, see SSE website in October 8, 2012, Non-public Shares to Buy Assets and Raise Capital and Associated Business report of DATANG Technology Co., Ltd.	Committed time: May 14, 2012, committed term: 3 years	Yes	Yes		
	Profit forecast and compensation	DATANG Telecom Technology Industry Holdings Co., Ltd.	If this transaction will be ended in 2012, then in 2012, 2013 and 2014, net profit realized by LEADCORE every year shall not less than the net profit of estimating report in the corresponding period, and for details of profit forecast compensation agreement, see SSE website in October 8, 2012, Non-public Shares to Buy Assets and	Committed time: May 14, 2012, committed term: 3 years	Yes	Yes		

Commitment background	Commitment Types	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
			Raise Capital and Associated Business report of DATANG Technology Co., Ltd.					
	Other	Research Institute of Telecommunications Technology	Commitment to ensure “five independents” of public company, commitment to avoid horizontal competition, commitment to regulate related transactions.	Commitment Time: May 14, 2012, Commitment deadline: Long-term effective	Yes	Yes		

(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.

In 2012, in order to carry out non-publicly issuing shares for acquiring assets and for raising supporting funds for major asset restructuring projects, the company signed *Profit Forecast Compensation Agreement* and *Supplemental Agreement to the Profit Forecast Compensation* with Research Institute of Telecommunications Technology, DATANG Telecom Technology Co., Ltd., Shanghai Nuclear Investment Management Co., Ltd., Shanghai Internet of Things Venture Capital Fund Partnership (limited partnership), Shanghai Shangchuang Xinde Hongneng Venture Capital Fund Partnership (limited partnership), Hainan Information Industry Venture Capital Fund Partnership (limited partnership), Beijing Silverside Industrial Venture Investment Center (limited partnership), Xiong Bihui, and Gu Xinhui; for details, please refer to *Report on DATANG Telecom Non-publicly Issuing Shares for Acquiring Assets and for Raising Supporting Funds and Implementation of Related Transactions and Changes in Shares* published on the Shanghai Stock Exchange website on November 7, 2012. As of December 31, 2014, the promised profits for year 2014 of Leadcore Technology, Uniscope Electronics have been achieved. The 2014 annual performance commitments of Shanghai Uniscope was unfulfilled due to intense competition in the mobile phone market; however, its three-year cumulative performance commitments have been fulfilled. Specific conditions as follows:

Unit: Million Currency:RMB

Company	Annual projected profits in 2014	Annual actual profits in 2014
Leadcore Technology Co. Ltd	208.2241	225.5426
UniScope Technologies (Shanghai) Co., Ltd	84.7687	81.8694
Uniscope Electronic Co., Ltd	10.5435	10.7588

The forecasting profits and the actual profits of Shanghai Uniscope and Uniscope Electronics are net profits after deducting nonrecurring gains and losses. Lixin Certified Public Accountants (special general partner) issued special auditors' reports (PCPAR [2015] No. 710823, PCPAR [2015] No. 710854, and PCPAR [2015] No. 710824) based on the the 2014 annual forecast profit realization of Leadcore Technology, Shanghai Uniscope, and Uniscope Electronics.

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, 2014, the promised profits for year 2014 of Play Entertainment have been achieved. Specific conditions as follows:

Unit: Million Currency:RMB

Company	Annual projected profits in 2014	Annual actual profits in 2014
Guangzhou Yaowan	165.6311	169.9056

The forecasting profits and the actual profits of Play Entertainment are net profits (excluding legally obtained fiscal subsidies and tax deduction and exemption) after deducting nonrecurring gains and losses. Lixin Certified Public Accountants (special general partner) issued the special auditors' report (PCPAR [2015] No. 710914) based on the 2014 annual forecast profit realization of the Play Entertainment.

IX. Appointment and Dismissal of Certified Public Accountants

Unit: Yuan Currency: RMB

Whether to change accounting firm:	No	
	Original employment	Existing employment
Name of domestic accounting firms	BDO CHINA Shu Lun Pan Certified Public Accountants LLP (special ordinary partnership)	BDO CHINA Shu Lun Pan Certified Public Accountants LLP (special ordinary partnership)
Reward of domestic accounting firms	1,000,000	1,180,000
Audit years of domestic accounting firms	4	4

	Name	Reward
Internal control audit accounting firm	BDO CHINA Shu Lun Pan Certified Public Accountants LLP (special ordinary partnership)	680,000
Financial consultant	Southwest Securities Co., Ltd.	9,701,860

X. Punishment and rectification of public company, director, supervisor, administrative officer, shareholders holding more than 5% of the shares, actual controller and purchaser

During the report period, the company, supervisor, administrative officer, shareholders holding more than 5% of the shares, actual controller and purchaser were not subject to inspection, administrative punishment and informed criticism by China Securities Regulatory Commission nor subject to public reprimand by any stock exchange.

XI. Convertible Bonds

☐ Applicable ☒ Not applicable

XII. Impact of Implementation of New Accounting Standards on Consolidated Financial Statements

1 Impact of changes in long-term equity investment guidelines on consolidated financial report (I)

Unit: Yuan Currency: RMB

January 1, 2014/year 2013	Balance before accounting policies changed	Amount adjusted when accounting policies changed	Balance after accounting policies changed
Long-term equity investments	214,290,466.67	-18,053,400.00	196,237,066.67
Available-for-sale financial assets		18,053,400.00	18,053,400.00
Total	214,290,466.67	0.00	214,290,466.67

Continued table

January 1, 2013/year 2012	Balance before accounting policies changed	Amount adjusted when accounting policies changed	Balance after accounting policies changed
Long-term equity investments	157,321,275.62	-5,000,000.00	152,321,275.62
Available-for-sale financial assets		5,000,000.00	5,000,000.00

Explanations on the impact of changes in long-term equity investment guidelines on consolidated financial report (I):

Changes in this accounting policy reduced the long-term equity investment of the company by RMB18,053,400.00 at the end of 2013, and increased the financial assets available for sale by RMB18,053,400.00. Changes in this accounting policy caused no material impact on the company's annual net profit and cash flow for FY2013 and FY2014.

2 Impact of employee salary guideline change
 Explanations for the Influence of Employee Salary Guideline Change:

Business relating to workers compensation in the annual financial statements of company in FY 2013 and 2014 has been accounted and announced according to the provisions of the Employee Salary Guideline. The implementation of the new guideline has no affect on the amounts of the company's 2013 and 2014 annual financial statements.

3 Impact of other changes in the standard
 Accounting to Accounting Standards for Business Enterprises No. 30 -- Presentation of Financial Statements (Revised), the company has changed the classification of deferred income from other non-current liabilities to deferred income accounting, and the foreign translation differences from owner's equity to other comprehensive income, and has carried on retroactive adjustments. The main impact of retroactive adjustments on the financial statements for current and previous periods is as follows:

Unit: Yuan Currency:RMB

January 1, 2014/year 2013	Amount before accounting policies changed	Changes and adjustments to accounting policies Amount	Amount after accounting policies changed
Deferred income		239,363,746.98	239,363,746.98
Other non-current liabilities	239,363,746.98	-239,363,746.98	
Other comprehensive income		-2,031,074.52	-2,031,074.52
Balance arising from the translation of foreign currency statements	-2,031,074.52	2,031,074.52	

Continued table

Jan. 1, 2013 /FY 2012	Amount before accounting policies changed	Changes and adjustments to accounting policies Amount	Amount after accounting policies changed
Deferred income		264,320,387.13	264,320,387.13
Other non-current liabilities	264,320,387.13	-264,320,387.13	
Other comprehensive income		-1,689,345.30	-1,689,345.30
Balance arising from the translation of foreign currency statements	-1,689,345.30	1,689,345.30	

XIII.Explanations on Other Important Matters

√ Applicable □ Not applicable

- In January 2014, with the approval of the Eleventh Meeting of the Sixth Board of Directors of the Company, the company agreed to invest RMB50 million to set up the mobile Internet industry investment fund jointly with the China Science & Merchants Investment Management Group Co., Ltd. (hereinafter referred to as "CSM"). The Fund is aimed to establish a scale of RMB 250 million for the first phase, focusing on mobile internet investment the firm concerned. The company agrees to set up a fund management company jointly with CSM, with a registered capital of RMB 10 million. The company and CSM respectively invest RMB 4 million, and hold 40% stock right of the fund management company; the fund management company's senior managers invest RMB 2 million, and hold a 20% stock right. The above-mentioned fund management company—Nanjing Yunke Equity Investment Fund Management Co., Ltd. has completed the industrial and commercial registration on June 4, 2014.
- In April 2014, with the approval of the Fourteenth Meeting of the Sixth Board of Directors, the company agreed the company's subsidiary Xinhua Ruide (Beijing) Network Technology Co., Ltd. and Engage Mobility, Inc and Inga Shenzhen Mobile Technology Co., Ltd. to establish a joint

- venture in Beijing, major in mobile Internet related businesses, with registered capital of RMB10 million. Inga Shenzhen Mobile Technology Co., Ltd. invests RMB 6 million in cash, accounting for 60% of the registered capital; Engage Mobility, Inc invests in the form of US dollar cash equivalent to RMB 3 million, accounting for 30% of the registered capital; Xinhua Ruide (Beijing) Network Technology Co., Ltd. Invests software technology assessed by the value of RMB 1 million, accounting for 10% of the registered capital. As of the disclosure date of this report, the above joint venture DATANG Inga (Beijing) Mobile Technology Co., Ltd. has completed the industrial and commercial registration in August 2014.
3. In April 2014, with the approval of the company's Fifteenth Meeting of the Sixth Board of Directors, the company agreed to increase investment to the company's subsidiary Xi'an DATANG Monitoring Technology Co., Ltd. (hereinafter referred to as "Xi'an Monitoring") by its creditor's right of RMB 15.4 million to Xi'an Monitoring, and agree the subsidiary—Xi'an DATANG Telecom Technology Co., Ltd. to increase investment to Xi'an Monitoring by its creditor's right of RMB 15.11 million against Xi'an Monitoring. The increased investment above shall be used for increasing the registered capital of Xi'an Monitoring. Meanwhile the company agreed Xi'an Monitoring to introduce a cash capital increase RMB 50 million from Sky Star Aviation Technology Co., Ltd., of which RMB 46.8 million into the registered capital, and RMB 3.2 million into the capital reserve. After the completion of all increased investment, the registered capital of Xi'an Monitoring shall increase from RMB 14.45 million to RMB 91.76 million. Thus, Beijing Tianyu Star Aviation Technology Co., Ltd. holds 51% stock right of Xi'an Monitoring, Xi'an DATANG Telecom Technology Co., Ltd holds 32.2% stock right of Xi'an Monitoring; the company holds 16.8% stock right of Xi'an Monitoring. The industrial and commercial registration for aforementioned capital increase has been completed on July 7, 2014.
 4. In April 2014, with the approval of the fifteenth Meeting of the sixth board of directors, the company approved the company's subsidiary DATANG Software Technologies Co., Ltd. to purchase 30% stock right of Beijing DATANG Zhicheng Software Technology Co., Ltd from Li Shengli etc. by RMB 5,764,170, based on the assessed price. After the acquisition, DATANG Software Technologies Co., Ltd. holds 99% stock right of DATANG Zhicheng, and the Company's subsidiary Beijing DATANG Smart Card Technology Co., Ltd. holds 1% stock right of DATANG Zhicheng. These matters have been completed the industrial and commercial registration on May 27, 2014.
 5. In June 2014, with the approval of the seventeenth Meeting of the Sixth Board of Directors, the company agreed to set up Tiantian Amy (Beijing) Network Technology Co., Ltd., jointly with its subsidiaries Xinhua Ruide (Beijing) Network Technology Co., Ltd. and Beijing EF Si Maite Information Technology Co., Ltd., operating the education instant messaging platform projects, with registered capital of RMB25 million. The company invests RMB 8 million in cash, holding 32% stake, Xinhua Reid (Beijing) Network Technology Co., invests RMB4.75 million in intangible assets, holding 19% stake, Beijing EF Ismail Special Information Technology Co., invests RMB12.25 million in intangible assets, holding 49% stake. Tiantian Amy (Beijing) Network Technology Co., Ltd. has completed the industrial and commercial registration on July 14, 2014.
 6. In June 2014, with the approval of the seventeenth meeting of the Sixth Board, the company agreed its wholly owned subsidiary Guangzhou Entertainment Network Technology Co., Ltd. to invest RMB10 million in cash to set up Shanghai World Network Technology Co., Ltd. in Shanghai (tentative name), engaged in the operation and promotion of gaming products; agreed its wholly owned subsidiary Guangzhou Entertainment Network Technology Co., Ltd. to invest RMB10 million in cash to set up Wuxi Entertainment Network Technology Co., Ltd. (tentative name) in Wuxi, engaged in research and development of games. These new companies have completed the industrial and commercial registration on June 23, 2014.

7. In October 2014, with the approval of the twenty-third meeting of the sixth board of directors, the company agreed to its wholly owned subsidiary DATANG Telecom (H.K.) Limited to issue bonds to raise part of the funds to purchase 100% stock right of DATANG Terminal Technology Co., Ltd. held by the company, at a price of RMB600 million. The industrial and commercial registration for these matters have been completed on the December 15, 2014.
8. In December 2014, with the approval of the twenty-fifth meeting of the Sixth Board of Directors, the company agreed its subsidiary Xinhua Ruide (Beijing) Network Technology Co., Ltd. To set up a joint venture together with Tianjin Sea League Foundation International Trade Co., Ltd., operating the cloud platform project of Tianjin Mineral Resources Trade Center, with a registered capital of RMB100 million. Xinhua Ruide (Beijing) Network Technology Co., Ltd. invests RMB 19 million in intangible assets, holding 19% stake; Tianjin Sea League Foundation International Trade Co., Ltd. invests RMB 81 million in cash, holding 81% stock right. The new company Xinhua AU (Tianjin) Co., Ltd. has completed the industrial and commercial registration on December 25, 2014.
9. In December 2014, with the approval of the twenty-fifth meeting of the Sixth Board of Directors, the company agreed to increase investment of RMB184 million in cash to the its wholly owned subsidiary DATANG Telecom (Tianjin) Communication Terminals Manufacturing Co., Ltd. After the capital increase, the registered capital of DATANG Telecom (Tianjin) Communication Terminals Manufacturing Co., Ltd. increases from RMB 10 million to RMB194 million. These matters have been completed industrial and commercial registration on the December 26, 2014.
10. In December 2014, with the approval of the twenty-fifth meeting of the Sixth Board of Directors, the company agreed its subsidiary Xinhua Ruide (Beijing) Network Technology Co., Ltd. To set up Fansphone Project Company jointly with Beijing Wen Investment Fund Co., Ltd. and Gulfstream Investment Co., Ltd., carrying out the star custom phone FansPhone project operation, with registered capital of RMB 60.5 million. Xinhua Ruide (Beijing) Network Technology Co., Ltd. invests RMB 30 million in cash, holding 49.6% stake; Beijing Wen Investment Fund, Co., Ltd. invests RMB 20 million in cash, holding 33% stake; Gulfstream Investment Co., Ltd. invests RMB10.5 million in cash, holding 17.4% stock right. The new company Hulu Technology Co., Ltd. has completed the industrial and commercial registration on January 4, 2015.

Section 6 Share Changes and Shareholders

I. Share capital variation
 (I) Table of share variation
 1. Share variation

Unit: share

	Before the variation		Increase/decrease by the variation (+, -)					After the variation	
	Quantity	Proportion (%)	New issue of shares	Stock dividend	Provident fund-to-equity swap	Other	Subtotal	Quantity	Proportion (%)
I. Restricted shares	290,843,646	39.21	140,401,159			-13,531,004	126,870,155	417,713,801	47.35
1.State shareholding									
2. State-own legal-person shareholding	234,844,976	31.66					0	234,844,976	26.62
3. Other domestic shareholding	55,998,670	7.55	140,401,159			-13,531,004	126,870,155	182,868,825	20.73
Including: Internal non state-own legal-person shareholding	30,562,038	4.12	54,046,817			-5,198,864	48,847,953	79,409,991	9.00
Internal natural-person shareholding	25,436,632	3.43	86,354,342			-8,332,140	78,022,202	103,458,834	11.73
4. Foreign shareholding									
Including: Foreign legal-person shareholding									
Foreign natural-person shareholding									
II. Unrestricted liquid share	450,863,667	60.79	0			13,531,004	13,531,004	464,394,671	52.65
1. RMB common share	450,863,667	60.79				13,531,004	13,531,004	464,394,671	52.65
2. Internally listed shares for the purchase of overseas investors									
3. Externally listed shares for the purchase of overseas investors									
4. Others									
III. Total shares	741,707,313	100	140,401,159			0	140,401,159	882,108,472	100

2. Description of share variation

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 15, 2014 on SSE website, the *Notice of Datang Telecom Technology Co., Ltd. on Issuance Result and Capital Share Variation Due to Share Issuance and Cash Payment for Asset Procurement and Raising Supporting Fund* on Jun. 10, 2014 on SSE website and the *Notice of Datang Telecom Technology Co., Ltd. on the Listing and Circulating of Non-public Offered Restricted Shares* on October 29, 2014 on SSE website for details about share variation.

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

Our net profit attributed to the Parent Company in 2014 was 217,042,207.05 yuan, our net assets attributed to the Parent Company at the end of 2014 was 4,030,768,692.75 yuan, our basic EPS in 2014 was 0.2562 yuan, and our net asset per share was 4.7588 yuan. The basic EPS and the net asset per share calculated with 741,707,313 shares before the variation of this year were 0.2926 and 5.4344 yuan respectively, so the share variation in 2014 had a major impact on the basic EPS and the net asset per share of 2014.

(II) Variation of restricted shares

Unit: share

Shareholder name	Quantity of restricted shares at year beginning	Quantity of restricted shares circulated in this year	Quantity of restricted shares increased in this year	Quantity of restricted shares at year end	Reason of restriction	Date of restricted share circulation
Research Institute of Telecommunications Technology	85,072,394	0	0	85,072,394	Restricted commitment	Nov. 1, 2015
Datang Telecom Technology Industry Holdings Co., Ltd.	148,118,845	0	0	148,118,845	Restricted commitment	Nov. 1, 2015
Ningbo Like Investment Management Co., Ltd.	10,397,730	5,198,864	0	5,198,866	Restricted commitment	Nov. 1, 2013; Nov. 1, 2014; Nov. 1, 2015
Shanghai Center for Internet of Things Venture Capital Fund Partnership	7,554,295	0	0	7,554,295	Restricted commitment	Nov. 1, 2015
Shanghai Shangchuang-Xinde-Hongneng Venture Capital Partnership	5,036,197	0	0	5,036,197	Restricted commitment	Nov. 1, 2015
Beijing Yinhan Yingye Venture Investment Center	3,786,908	0	0	3,786,908	Restricted commitment	Nov. 1, 2015
Hainan Information Industry Venture Investment Fund	3,786,908	0	0	3,786,908	Restricted commitment	Nov. 1, 2015
Xiong Bihui	12,718,316	4,166,070	0	8,552,246	Restricted commitment	Nov. 1, 2013; Nov. 1, 2014; Nov. 1, 2015

Shareholder name	Quantity of restricted shares at year beginning	Quantity of restricted shares circulated in this year	Quantity of restricted shares increased in this year	Quantity of restricted shares at year end	Reason of restriction	Date of restricted share circulation
Gu xinhui	12,718,316	4,166,070	0	8,552,246	Restricted commitment	Nov. 1, 2013; Nov. 1, 2014; Nov. 1, 2015
Zhou Hao	0	0	39,864,892	39,864,892	Restricted commitment	May 12, 2015; May 12, 2016; May 12, 2017; May 12, 2018; May 12, 2019
Chen Yong	0	0	35,571,883	35,571,883	Restricted commitment	May 12, 2015; May 12, 2016; May 12, 2017; May 12, 2018; May 12, 2019
Ye Yubin	0	0	2,808,571	2,808,571	Restricted commitment	May 12, 2015; May 12, 2016; May 12, 2017; May 12, 2018; May 12, 2019
Chen Ling	0	0	1,430,999	1,430,999	Restricted commitment	May 12, 2015; May 12, 2016; May 12, 2017; May 12, 2018; May 12, 2019
Kang Yanzun	0	0	1,240,199	1,240,199	Restricted commitment	May 12, 2015; May 12, 2016; May 12, 2017; May 12, 2018; May 12, 2019
Huang Yong	0	0	1,144,799	1,144,799	Restricted commitment	May 12, 2015; May 12, 2016; May 12, 2017; May 12, 2018; May 12, 2019
Zhejiang Hongfan Venture Capital Investment Co.,	0	0	5,968,227	5,968,227	Restricted	May 12, 2015;

Shareholder name	Quantity of restricted shares at year beginning	Quantity of restricted shares circulated in this year	Quantity of restricted shares increased in this year	Quantity of restricted shares at year end	Reason of restriction	Date of restricted share circulation
Ltd					commitment	May 12, 2016; May 12, 2017; May 12, 2018; May 12, 2019
Guangzhou Shibao Investment Partnership (limited partnership)	0	0	4,292,999	4,292,999	Restricted commitment	May 12, 2015; May 12, 2016; May 12, 2017; May 12, 2018; May 12, 2019
Haitong Kaiyuan Investment Co., Ltd	0	0	10,258,062	10,258,062	Restricted commitment	May 12, 2015; May 12, 2016; May 12, 2017; May 12, 2018; May 12, 2019
Donghai Securities Co., Ltd.	0	0	3,800,000	3,800,000	Restricted commitment	Jun. 6, 2015
China Universal Asset Management Co., Ltd.	0	0	3,800,000	3,800,000	Restricted commitment	Jun. 6, 2015
Huatai Asset Management Co., Ltd.	0	0	8,800,000	8,800,000	Restricted commitment	Jun. 6, 2015
Pacific Securities Co., Ltd.	0	0	1,220,528	1,220,528	Restricted commitment	Jun. 6, 2015
Donghai Funds Management LLC	0	0	3,900,000	3,900,000	Restricted commitment	Jun. 6, 2015
Taikang Asset Management LLC	0	0	12,000,000	12,000,000	Restricted commitment	Jun. 6, 2015
Nantong Yourong Trade Co., Ltd.	0	0	4,300,000	4,300,000	Restricted commitment	Jun. 6, 2015
Total	289,189,909	13,531,004	140,401,159	416,060,064	/	/

II. Securities issuance and listing

(I) Issuance of all securities in last three years as of the end of the period

Unit: Share Currency: RMB

Types of shares and their derivative securities	Issuing date	Issue price (or interest rate)	Quantity issued	Listing date	Quantity approved for listing	Trade termination date
Common share type						
RMB common share	Nov. 1, 2012	8.39	302,720,913	Nov. 1, 2012	302,720,913	
RMB common share	May 12, 2014	10.65	102,580,631	May 12, 2014	102,580,631	
RMB common share	Jun. 6, 2014	11.11	37,820,528	Jun. 6, 2014	37,820,528	

Description of issuance of all securities in last three years as of the end of the report period (please describe the debentures of different interest rates in the duration separately):

1. As approved in the document (No. ZJXK [2012]1293) of CSRC, the Company privately issued 302,720,913 shares at the price of 8.39 yuan per share, including 227,720,913 shares issued for asset procurement and 75,000,000 shares issued for raising supporting fund. 629.25 million yuan was raised by the issuance, and the net amount raised was 617.02 million yuan after deducting the issuance cost. On Nov. 1, 2012, the shares issued were registered, for which, CSDC Shanghai Company issued the Securities Register Confirmation.
2. According to the *Reply of CSRC on Approving Datang Telecom Technology Co., Ltd. to Issue Shares to Zhou Hao et al. for Asset Procurement and Raising Supporting Fund* (No. ZJXK [2014] 332) issued on Mar. 28, 2014, the Company issued 102,580,631 shares for asset procurement, and 37,820,528 shares for raising supporting fund. Newly-added shares in the company's non-public offering this time has been subject to registration on May 12, 2014 and June 6, 2014, China Securities Depository and Clearing Co. Ltd. (Shanghai Branch) has issued the "securities change registration certificate."

(II) Variation of total shares and shareholder structure of the Company, and variation of asset and liability structure of the Company

After the completion of the Company's project of share issuance and cash payment for asset procurement and raising supporting fund in 2014, the total shares of the Company increase from 741,707,313 to 882,108,472, and the controlling shareholder of the Company, Research Institute of Telecommunications Technology, is still the controlling shareholder. After the implementation of the project, the ratio of liabilities to assets of the Company as of the end of the report period was reduced to 69.42%.

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 15, 2014 and the *Notice of Datang Telecom Technology Co., Ltd. on Issuance Result and Capital Share Variation Due to Share Issuance and Cash Payment for Asset Procurement and Raising Supporting Fund* on Jun. 10, 2014 on SSE website for details about the variation of total shares and shareholder structure of the Company.

III. Information about shareholders and de facto controller

(I) Total number of shareholders:

Total number (account) of shareholders as of the end of the report period	40,294
Total number (account) of shareholders as of the end of the fifth business day before the disclosure date of the annual report	30,325

(II) Table of shareholding of top 10 shareholders and top 10 public shareholders (or unrestricted shareholders) as of the end of the report period

Unit: Share

Shareholding of top 10 shareholders							
Shareholder name (full name)	Increase/decrease in the report period	Shares held at the end of the period	Proportion (%)	Quantity of restricted shares held	Status of pledge or freezing		Nature of shareholder
					Share status	Quantity	
Research Institute of Telecommunications Technology	-31,580,710	188,004,517	21.31	85,072,394	None	0	State-owned legal person
Datang Telecom Technology Co., Ltd.	0	148,118,845	16.79	148,118,845	None	0	State-owned legal person
Zhou Hao	39,864,892	39,864,892	4.52	39,864,892	None	0	Natural person in China
Chen Yong	35,571,883	35,571,883	4.03	35,571,883	None	0	Natural person in China
Qianhai Life Insurance Co. Ltd ----Huatai Incorporation with self-owned capital	13,154,226	13,154,226	1.49	8,700,000	None	0	Unknown
Xiong Bihui	-4,115,670	12,728,716	1.44	8,552,246	None	0	Natural person in China
National social security funds---zero incorporation	12,604,084	12,604,084	1.43	0	None	0	Unknown
Taikang Life Insurance Co. Ltd---dividend--individual dividend—019L—FH002 Hu	11,358,114	11,358,114	1.29	3,360,000	None	0	Unknown
Ren Wenfeng	5,445,493	10,955,369	1.24	0	None	0	Natural person in China
Haitong Kaiyuan Investment Co., Ltd	10,258,062	10,258,062	1.16	10,258,062	None	0	Non-state-owned legal person in China
Shareholding of top 10 unrestricted shareholders							
Shareholder name	Quantity of unrestricted circulation shares held	Type and quantity of shares					
		Types	Quantity				
Research Institute of Telecommunications Technology	102,932,123	RMB common share	102,932,123				
National social security funds---zero incorporation	12,604,084	RMB common share	12,604,084				
Ren Wenfeng	10,955,369	RMB common share	10,955,369				
Zhu Aijun	8,631,068	RMB common share	8,631,068				
Taikang Life Insurance Co. Ltd---dividend--individual dividend—019L—FH002 Hu	7,998,114	RMB common share	7,998,114				
China Construction Bank - Huabao Xingye Industrial Selection Stock Type Securities Investment Fund	7,255,797	RMB common share	7,255,797				
Foresea Life Insurance Co., Ltd. -- universal type insurance product	6,199,534	RMB common share	6,199,534				
China Construction Bank - Yinhua Core-Value Optimal	5,999,856	RMB common share	5,999,856				

Stock Type Securities Investment Fund			
Qianhai Life Insurance Co. Ltd ----Huatai Incorporation with self-owned capital	4,454,226	RMB common share	4,454,226
Xiong Bihui	4,176,470	RMB common share	4,176,470
Notes for correlation or concerted action of the above shareholders	1. Research Institute of Telecommunications Technology holds 100% shares of Datang Telecom Technology Industry Holdings Co., Ltd., so it is the majority shareholder of Datang Telecom Technology Industry Holdings Co., Ltd. 2. The Company does not know correlation or concerted action of other shareholders.		

Shareholding quantity and restriction conditions of top 10 restricted shareholders

Unit: share

S/N	Name of restricted shareholders	Quantity of restricted shares held	Tradable information of restricted shares		Restriction conditions
			Tradable time	Quantity of new tradable shares	
1	Datang Telecom Technology Industry Holdings Co., Ltd.	148,118,845	Nov. 1, 2015	148,118,845	Implemented according to regulations related to CSRC and SSE
2	Research Institute of Telecommunications Technology	85,072,394	Nov. 1, 2015	85,072,394	Implemented according to regulations related to CSRC and SSE
3	Zhou Hao	39,864,892	May 12, 2015	11,959,468	Implemented according to regulations related to CSRC and SSE
			May 12, 2016	11,959,468	
			May 12, 2017	11,959,467	
			May 12, 2018	1,993,245	
			May 12, 2019	1,993,244	
4	Chen Yong	35,571,883	May 12, 2015	10,671,565	Implemented according to regulations related to CSRC and SSE
			May 12, 2016	10,671,565	
			May 12, 2017	10,671,565	
			May 12, 2018	1,778,594	
			May 12, 2019	1,778,594	
5	Haitong Kaiyuan Investment Co., Ltd	10,258,062	May 12, 2015	3,077,419	Implemented according to regulations related to CSRC and SSE
			May 12, 2016	3,077,419	
			May 12, 2017	3,077,418	
			May 12, 2018	512,903	
			May 12, 2019	512,903	
6	Qianhai Life Insurance Co. Ltd ----Huatai Incorporation with self-owned capital	8,700,000	Jun. 6, 2015	8,700,000	Implemented according to regulations related to CSRC and SSE
7	Xiong Bihui	8,552,246	Nov. 1, 2015	8,552,246	Implemented according to regulations related to CSRC and SSE
8	Gu xinhui	8,552,246	Nov. 1, 2015	8,552,246	Implemented according to regulations related to CSRC and SSE
9	Shanghai Networking Venture Investment	7,554,295	Nov. 1, 2015	7,554,295	Implemented according to

	Fund Partnership (Limited Partnership)				regulations related to CSRC and SSE
			May 12, 2015	1,790,469	Implemented
			May 12, 2016	1,790,468	according to
			May 12, 2017	1,790,468	regulations
			May 12, 2018	298,411	related to
10	Zhejiang Hongfan Venture Capital Investment Co., Ltd	5,968,227	May 12, 2019	298,411	CSRC and SSE
Notes for correlation or concerted action of the above shareholders		1. Research Institute of Telecommunications Technology holds 100% shares of Datang Telecom Technology Co., Ltd. 100%, and is the controlling shareholder of Datang Telecom Technology Co., Ltd. 2. The Company does not know the incidence relations of other shareholders or any information regarding persons acting in concert.			

IV. Controlling shareholder and actual controller

(I) Controlling shareholder

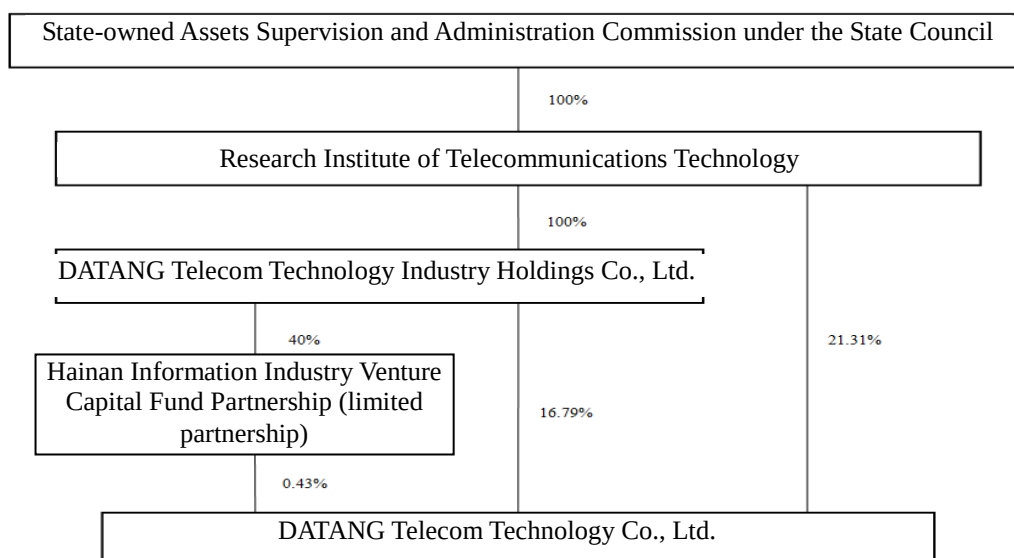
1 Legal person

Unit: Yuan Currency: RMB

Name	Research Institute of Telecommunications Technology
Legal representative or principal of the operating entity	Zhen Caiji
Date of establishment	Jan. 20, 2001
Organizing institution bar code	40001101-6
Registered Capital	7,718,820,370.82
Main business	Development, production and sales of communication equipment, electronic computer and peripheral equipment, electronic software, radio and television equipment, optical fiber and and optical cable, electronic parts and components, other electronic equipment, instrument, apparatus, etc. Technical development and services of communication, network, e-commerce, information security, and radio and television; house repair and home decoration; consultation of house property rental and sales; consultation of property management; technical development, transfer and communication; sales of general merchandise, mechanical and electronic equipment, construction materials, and hardware and electrical equipment.
Future development strategy	Grasp the rare opportunities of competition for 4G scale commercial and 5G international standards for global mobile communication, the fast transformation and upgrading of China's IC industry and the fast development of mobile internet, to promote the core competitiveness of the Company, and strive to become a hi-tech information and communication group undertaking the important national technological innovation and industrial development strategy, having internationally advanced management level, good economic benefit and strong internal competitiveness, and positively assuming the social responsibilities.
Controlling and participation equities of other domestically and overseas listed companies within the report period	As of Dec. 31, 2014, Research Institute of Telecommunications Technology held 16.17% equities of Gohigh Co., Ltd.

(II) Actual controller

Block diagram of property right and control relationship between the company and the actual majority shareholders.



State-owned Assets Supervision and Administration Commission under the State Council

Research Institute of Telecommunications Technology

DATANG Telecom Technology Industry Holdings Co., Ltd.

Hainan Information Industry Venture Capital Fund Partnership (limited partnership)

DATANG Telecom Technology Co., Ltd.

V. Other legal-person shareholders holding over 10% shares

Unit: Yuan Currency: RMB

Name of legal-person shareholder	Legal representative or principal of the operating entity	Date of establishment	Organization code	Registered Capital	Main business or management activities, etc.
Datang Telecom Technology Industry Holdings Co., Ltd.	Zhen Caiji	Mar. 12, 2007	71093462-5	5,700,000,000	Industrial investment; investment management and consultation; development, production, sales and service of information technology, software, chip and equipment; technical development, transfer, consultation and service; import and export businesses.
Notes	According to the document (ZJXK No. [2012] 1293), <i>Reply of CSRC on Approving Datang Telecom Technology Co., Ltd. to Issue Shares to Research Institute of Telecommunications Technology etc. for Asset Procurement and Raising Supporting Fund</i> , the Company issued 148,118,845 shares to Datang Telecom Technology Co., Ltd. on Nov. 1, 2012 to procure 75.88% shares of Leadcore Technology Co. Ltd. it held.				

Section 7 Directors, Supervisors, Senior Managers 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

Unit: Share

Name	Post (note)	Gender	Age	Beginning date of term	End date of term	Quantity held at year beginning	Quantity held at year end	Variation (increase/decrease) of shares within the year	Reason of variation (increase/decrease)	Total remuneration amount received from the Company within the report period (in 10,000 yuan, before tax)
Cao bin	President	Male	58	Aug. 15, 2007	Aug. 15, 2016					105.68
Wang Keqi	Independent director	Male	61	Mar. 8, 2009	Aug. 15, 2016					9.60
Zhang Yinghai	Independent director	M	63	Aug. 15, 2013	Aug. 15, 2016					9.60
Wan Ruihua	Independent director	M	52	Aug. 15, 2013	Aug. 15, 2016					9.60
Li Yonghua	Director	M	39	Aug. 16, 2010	Aug. 15, 2016					6.00
Duan Chenhui	Director	M	35	Aug. 15, 2013	Aug. 15, 2016					6.00
Qin Xi	Director	M	44	Aug. 15, 2013	Aug. 15, 2016					6.00
Duan Maozhong	Chairman of Board of Supervisor	M	50	Feb. 28, 2012	Aug. 15, 2016					6.00
Li Qian	Supervisor	F	37	Aug. 15, 2013	Aug. 15, 2016					6.00
Li Xueyuan	Employee supervisor	F	44	Aug. 4, 2014	Aug. 15, 2016					3.14
Wang Pengfei	General Manager	M	43	Jan. 1, 2014	Dec. 31, 2016					85.58
Jiang Kun	Executive Deputy General Manager	M	46	Sept. 20, 2010	Dec. 31, 2016					48.37
Qian	Executive Deputy General	M	43	Jan. 1, 2014	Dec. 31,					35.00

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Name	Post (note)	Gender	Age	Beginning date of term	End date of term	Quantity held at year beginning	Quantity held at year end	Variation (increase/decrease) of shares within the year	Reason of variation (increase/decrease)	Total remuneration amount received from the Company within the report period (in 10,000 yuan, before tax)
Guoliang	Manager				2016					
Feng Yi	Executive Deputy General Manager	M	44	Jan. 1, 2014	Dec. 31, 2016					66.33
Wang Hongyan	Executive Deputy General Manager	M	43	Sept. 20, 2010	Dec. 31, 2016					46.76
Xue Gui	Chief Financial Official	M	46	May 24, 2013	Dec. 31, 2016					40.30
Yang Yong	Deputy General Manager	M	38	Jan. 1, 2014	Dec. 31, 2016					32.08
Liu Jin	Deputy General Manager	M	41	Jan. 1, 2014	Dec. 31, 2016					67.55
Wang Yanbin	Deputy General Manager	M	44	Feb. 28, 2012	Dec. 31, 2016					31.91
Liu Xin	Deputy General Manager	M	47	Jan. 10, 2003	Dec. 31, 2016					32.21
Qi Xiubin	Secretary of the Board of Directors	F	37	Nov. 28, 2005	Aug. 15, 2016					74.37
Guo Jiewen	Employee supervisor	F	39	Dec. 27, 2013	Aug. 8, 2014					27.84
Sun Yuwang	Executive Deputy General Manager	M	48	May 24, 2013	Oct. 30, 2014					79.42
Total	/	/	/	/	/				/	835.34

Name	Main working experiences in last five years
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 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 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. Now serves as the Director of Academic Board of Beijing University of Posts and Telecommunications, an Independent Director of China United Network Communications Limited, an Independent Director of Beijing Miteno Communication Industrial Technology Co. Ltd., an Independent Director of Zhuhai DingLi Communications Corporation Ltd., an Independent Director of Ourpalm Co., Ltd., as well as an Independent Director of Datang Telecom Technology Co., Ltd.
Wang Ruihua	Once served as the Deputy Director of the Graduate Department and the Deputy Director of MBA Education Center of the Central University of Finance and Economics. Now serves as an accounting profession of the Central University of Finance and Economics, an Independent Director of Sinolink Securities Co., Ltd., an Independent Director of Gujing Group Co., Ltd., as well as an 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

Name	Main working experiences in last five years
	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 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.
Qin Xi	Successively served as a department manager of the R&D Center of Wanguo Securities, the Deputy General Manager of Fudan SunGard Computer Co., Ltd., the Director of SWS Research Co., Ltd., the General Manager of the Investment Banking Unit of Shenyin & Wanguo Securities, and the Vice President of King Hing Securities. Now serves as the General Manager of Shanghai Shanghcuang Xinde Venture Investment Co., Ltd., the General Manager of Shanghai Shangchuang Simic Investment Management Co., Ltd., as well as a Director 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., 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 &

Name	Main working experiences in last five years
	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., 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 Supervisor 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.
Wang Pengfei	Successively served as the Deputy Director of the General Office of China Posts And Telecommunications Industry Corporation, the Deputy Director and 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 General Manager 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

Name	Main working experiences in last five years
Wang Hongyan	executive vice president of Datang Technology Co., Ltd 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.
Yang Yong	Once worked at Changchun Office, Jinan Office and the Integrated Product Department of Datang Telecom Technology Co., Ltd., and successively served as the Deputy General Manager of the Business Development Department of Datang Telecom Technology Co., Ltd., the Deputy General Manager of the Terminal Business Unit of Datang Telecom Technology Co., Ltd., and the Deputy General Manager of Datang Telecom (Tianjin) Communication Terminals Manufacturing Co., Ltd. Current vice president of Datang 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 Eleko Industries Limited, and successively served as the Deputy General Manager, the Executive Deputy General Manager, the Executive General Manager and the General Manager

Name	Main working experiences in last five years
	of Xi'an Datang Telecom Technology Co., Ltd. Current vice president of Datang Technology Co., Ltd.
Qi Xiubin	Once worked at the Investment Department and the Financial Department of Datang Telecom Technology Co., Ltd., and successively served as the Deputy Director of the Office of the Board of Directors and the General Manager of the Legal Affairs Department of the Company. Now serves as the Secretary of the Board of Directors and the Chief Legal Counsel of Datang Telecom Technology Co., Ltd.

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

□Applicable √Not applicable

II. Service status of current directors, supervisors and senior management and those left the office within the report period**(I) Service status in shareholder companies**

√Applicable □Not applicable

Names of employees	Name of shareholder company	Position held in the shareholder company	Beginning date of term	End date of term
Li Yonghua	Research Institute of Telecommunications Technology	General counsel	Jun. 2011	
	Datang Telecom Technology Industry Holdings Co., Ltd.	Vice President and General Manager of Operation Management Department	Dec. 2011	
		General counsel	Jun. 2011	
Duan Chenhui	Research Institute of Telecommunications Technology	Employee supervisor	Jul. 2011	
	Datang Telecom Technology Industry Holdings Co., Ltd.	Employee supervisor	Jun. 17, 2014	
		General Manager of Strategic Development Department	Jan. 1, 2014	
Duan Maozhong	Datang Telecom Technology Industry Holdings Co., Ltd.	Deputy General Manager of Operation Management Department	Dec. 2011	
Li Qian	Datang Telecom Technology Industry Holdings Co., Ltd.	Deputy General Manager of Financial Asset Department	Aug. 30, 2012	
Description of service status in shareholder company				

(II) Service status in other companies

√ Applicable □ Not applicable

Names of employees	Name of other companies	Position held in other companies	Beginning date of term	End date of term
Wang Keqi	Shanghai Lanxin Investment Development Co., Ltd.	Vice President and General Manager	Jan. 2010	
	Beijing Kerun Lande Investment Co., Ltd.	President	Jan. 2012	
Zhang Yinghai	Beijing University of Posts and Telecommunications	Director of Academic Board	Jun. 2008	
	China United Network Communications Limited	Independent director	2012	
	Beijing Miteno Communication Industrial Technology Co. Ltd.	Independent director	2012	
	Zhuhai DingLi Communications Corporation Ltd.	Independent director	2012	
	Ourpalm Co., Ltd.	Independent director	2013	
Wang Ruihua	Central University of Finance and Economics	Professor	Oct. 2008	
	Sinolink Securities Co., Ltd.	Independent director	May 2011	
	Gujing Group Co., Ltd.	Independent director	Apr. 2011	
Li Yonghua	Semiconductor Manufacturing International Corporation	Alternate Director	Oct. 2013	
	Datang Mobile Communications Equipment Co., Ltd.	President	Sept. 2014	
	Datang Liancheng Information System Technology Co., Ltd.	Executive Director	Sept. 2014	
Duan Chenhui	Datang Venture Investment (Hainan) Co., Ltd.	President	Jan. 2014	
Qin Xi	Shanghai Chuanghe Investment Management Co., Ltd.	President and General Manager	Jan. 2007	
	Dasheng Investment Co., Ltd.	Director	Mar. 2007	
	Shanghai Shanghcuang Xinde Venture Investment Co., Ltd.	General Manager and Director	Nov. 2007	
	Shanghai Shanghcuang Xinde Venture Investment Co., Ltd.	General Manager and Director	Mar. 2008	
	Jianke Machinery (Tianjin) Co., Ltd.	Director	Sept. 2008	

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Names of employees	Name of other companies	Position held in other companies	Beginning date of term	End date of term
	Shanghai Tuyuan Property Investment Co., Ltd.	Director	Nov. 2009	
	Shenzhen Yatong Photoelectric Co., Ltd.	Director	May 2010	
	ShangHai YiFang Rural Technology Holdings Co., Ltd.	Director	Jun. 2010	
	Shanghai Ruipu Asset Management Co., Ltd.	Executive Director and General Manager	Nov. 2010	
	Suzhou Jinhe New Material Co., Ltd.	Director	Dec. 2010	
	Shanghai Shangchuang Simic Investment Management Co., Ltd.	General Manager and Director	Jan. 2011	
	Shanghai Simgui Technology Co., Ltd.	Supervisor	Jan. 2013	
	Shenzhen King Brother Technology Co., Ltd.	Independent director	May 2013	
	Shanghai Simic Co., Ltd.	President	Oct. 2014	
Duan Maozhong	Datang Telecom Group Finance Co., Ltd.	Supervisor	Jun. 2011	
	Datang Investment Management (Beijing) Co., Ltd.	Supervisor	Jan. 6, 2013	
Li Qian	Datang Telecom Technology International Co., Ltd.	Supervisor	May 13, 2013	
Description of service status in other company				

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 <i>Proposal on Granting Employee compensation or Subsidy to Directors and Supervisors of the Company</i> approved in the First Extraordinary General Meeting of Shareholders in 2000 and the <i>Proposal on Remuneration Criteria for Directors and Supervisors Not Working in the Company</i> 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 <i>2014 Senior Management Appraisal and Incentive Proposal</i> reviewed and approved in the

2014 ANNUAL REPORT

	19 th Meeting of the 6 th 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 report period in this section for details.
Total remuneration actually paid to all directors, supervisors and senior management at the end of the report period	8353400 Yuan

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

Name	Position held	Variation	Reason for variation
Guo Jiewen	Employee supervisor	Leave office	Job changes
Sun Yuwang	Executive vice president	Leave office	Job changes
Li Xueyuan	Employee supervisor	Election	Job changes

V. Core technical team or key technical personnel of the Company

The core technical team or key technical personnel had no significant change in the report period.

VI. Employees of parent company and main subsidiaries

(I) **Employee information**

Number of current employees of parent company	204
Number of current employees of main subsidiaries	5,085
Total number of current employees	5,289
Number of retired employees that the parent company and the main subsidiaries shall bear the cost	176
Disciplines	
Discipline type	Number of people
Production personnel	747
Marketing personnel	557
Technical personnel	838
Financial staff	175
Administration staff	526
R&D personnel	1,891
Engineering personnel	228
Other personnel	327
Total	5,289
Degree of education	
Education category	Numer of people
Doctor	25
Master	976
Undergraduate	2,500
Junior college	978
Technical secondary school and below	810
Total	5,289

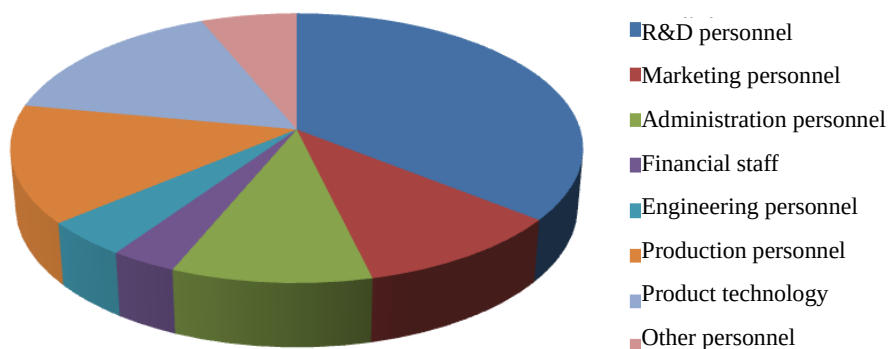
(II) **Remuneration policy**

The remuneration policy of the Company is based on the *Method of Datang Telecom Technology Co., Ltd. for the Management of Remuneration and Benefits*.

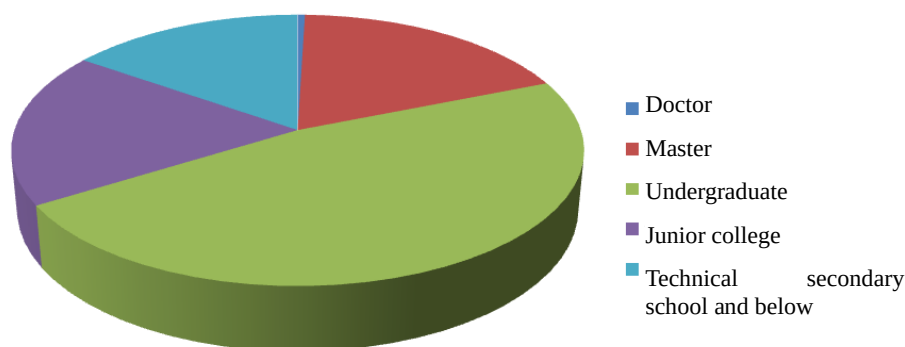
(III) **Training plan**

With the “training camp, pulic class and academic education” as the main part, make arrangement focusing on the strategy and key work of the Company, implement the 2014 Training Plan in combination with the actual needs of employees, continuously innovate the training brand, enrich the training contents and create new talent training methods by creating cross-region offsite training brands, developing Datang pulic class and industrial communication forum, etc., positively exploring the interaction platform for tiny classes, implementing the training projects such as TOP training camp, business elite training camp, new employee training camp, etc. to provide employees with diversified and rich training opportunities, establish a study type organization, and initiatively promote the Company’s overall competitiveness. Throughout the year, 681 training projects were completed, realized a training coverage of 85.43%.

(IV) **Statistical diagram of discipline composition**



(V) Statistical diagram of educational degrees



(VI) Labour outsourcing

Total man-hour of labour outsourcing	1299741 hours
Total remuneration paid for labour outsourcing	24,911,600 yuan

Section 8 Company governance

I. Description of company governance, registration and management of insider, etc.

The Company strictly follows the requirements of the *Company Law*, the *Securities Law*, the *Code of Corporate Governance for Listed Companies in China* and relevant laws and regulations, continuously improves the legal-person governance structure and takes the implementation of internal control specifications as the opportunity to establish and improve 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 Listed Companies*, etc. In the report period, the Company held one Annual General Meeting of Shareholders and four Extraordinary General Meetings of Shareholders under the witness of lawyer, for which, the lawyer issued the Legal Opinion.

(2) Controlling shareholder and listed 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 report 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 listed companies and other shareholders.

- (3) Directors and Board of Directors: The Company elects 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 report period, the Company held 15 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 report 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 report 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.

II. Brief introduction of General Meeting of Shareholders

Number of meeting	Time	Proposal name	Status of resolution	Search index on designated website published the resolution	Date the resolution was published for disclosure
First Extraordinary General Meeting of Shareholders in 2014	Apr. 16, 2014	Proposal on increasing the business scope and revising relevant articles of the Articles of Association of the Company	Passed	http://www.sse.com.cn	Apr. 17, 2014
		Proposal on capital increase of Datang Semiconductor Design Co., Ltd.	Passed		
2013 Annual General Meeting of Shareholders	May 8, 2014	2013 Annual Report and Summary of the Company	Passed	http://www.sse.com.cn	May 9, 2014
		2013 Work Report of the Board of Directors of the Company	Passed		
		2013 Work Report of the Board of Supervisors of the Company	Passed		
		2013 Financial Accounting Report of the Company	Passed		
		Proposal on 2013 profit	Passed		

Number of meeting	Time	Proposal name	Status of resolution	Search index on designated website published the resolution	Date the resolution was published for disclosure
		distribution of the Company			
		Proposal on offering security for bank credit for controlling subsidiaries	Passed		
		Proposal on routine connected transactions with the Datang Telecom Group Finance Co., Ltd.	Passed		
		Proposal on routine connected transactions of the Company	Passed		
Second Extraordinary General Meeting of Shareholders in 2014	Sept. 1, 2014	Proposal on revising relevant articles of the Articles of Association	Passed	http://www.sse.com.cn	Sept. 2, 2014
		Proposal on issuing RMB bonds overseas	Passed		
		Proposal on offering security for controlling subsidiaries	Passed		
Third Extraordinary General Meeting of Shareholders in 2014	Oct. 29, 2014	Proposal on connected transactions of the Company	Passed	http://www.sse.com.cn	Oct. 30, 2014
		Proposal on buying financing products by Yaowan Company with its own fund	Passed		
Fourth Extraordinary General Meeting of Shareholders in 2014	Dec. 11, 2014	Proposal on connected transactions with Leadcore Technology Co., Ltd.	Passed	http://www.sse.com.cn	Dec. 12, 2014

III. Execution of duty by directors

(I) Participation of meeting of Board of Directors and General Meeting of Shareholders by directors

Directors Name	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	15	15	9	0	0	No	5
Wang Keqi	Yes	15	15	10	0	0	No	4
Zhang Yinghai	Yes	15	15	9	0	0	No	5
Wang Ruihua	Yes	15	15	10	0	0	No	2
Li Yonghua	No	15	15	9	0	0	No	4
Duan Chenhui	No	15	14	10	1	0	No	3
Qin Xi	No	15	14	11	1	0	No	1

Number of meetings of the Board of Directors held in the year	15
Including: number of on-site meetings	4
number of meetings held via communication means	9
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

In the report period, the Audit Committee under the Board of Directors held five meetings, and the Remuneration and Appraisal Committee held three 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, 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 report period.

VI. Appraisal mechanism for senior management and establishment and implementation of incentive mechanism in the report period

The Company appraised the senior management per the 2014 Senior Management Appraisal and Incentive Proposal approved in the 19th meeting of the Sixth Board of Directors. The General Manager of the Company was appraised per the 2014 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 performance bonus criterion × fulfillment factor × adjustment 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.

Section 9 Internal Control

I. Responsibility statement for internal control and construction of internal control system

The Board of Directors of the Company has declared: establishing, completing and effectively implementing the internal control, evaluating its effectiveness, and truthfully disclosing the internal control evaluation report according to the provisions of internal control systems of the Company are the responsibilities of the Board of Directors. The Board of Supervisors supervises the Board of Directors on the establishment and implementation of internal control; managers are responsible for organizing and leading the day-to-day operation of internal control of the Company. The Board of Directors, the Board of Supervisors, directors, supervisors and the senior management guarantee the Report does not have any fake record, misleading statement or major omission, and assume individual and joint liabilities for the truthfulness, accuracy and completeness of the Report. After evaluating the effectiveness of internal control design and operation from Jan. 1 of this year to the end of the report period, the Board of Directors of the Company didn’t find any significant defect in the design or implementation of internal control. No factor affecting the internal control effectiveness evaluation conclusions happened from the base day to the issuance date of the Internal Control Evaluation Report. In 2011, the Company initiated the construction of risk oriented internal control system. At the beginning of 2012, the Company preliminarily set up the internal control system, and implemented it officially. In the mid of 2012, the Company developed the internal control construction and development plan to specify the objectives and direction of internal control construction. In 2013, the Company issued and implemented the *Rules for the Implementation of “Three Important and One Large-amount” Decision-making Systems of Datang Telecom Technology Co., Ltd.* to specify the decision-making powers and procedures for important decision-making, important matters, important appointment and removal of personnel and large-amount payment. In 2014, each business units of the Company also established their own *Rules for the Implementation of “Three Important and One Large-amount” Decision-making Systems* based on the actual empowerment for decision-making to

specify their own decision-making procedure and powers. At present, the Company has preliminarily establish a company management system based on internal control and integrated other management systems, and the internal control is improving with each day passing by.

The internal control management type documents include: the *Internal Control Management Manual*, the *Rules for the Implementation of “Three Important and One Large-amount” Decision-making Systems*, the Internal Control Management System (*Measures for the Implementation of Internal Control Evaluation*, the *Measures for the Implementation of Risk Management*), and procedural system documents of the Company. In addition to the internal control management type documents, the existing regulations and systems of the Company have been revised and revised according to the requirements of internal control and management, so as to monitor and standardize relevant business activities and management work.

The Company will, according to the variation of external operation environment, the supervisory requirements and the needs of internal operation control, continuously improve the internal control system to ensure the healthy and sustainable development of the Company.

See SSE website dated Apr. 18, 2015 for the Internal Control Evaluation Report of the Company.

Whether to disclose the Internal Control Evaluation Report: Yes

II. Relevant information of Internal Control Evaluation Report

The Company engaged BDO China Shu Lun Pan Certified Public Accountants LLP to audit the internal control in 2014. Shu Lun Pan CPAs issued an Internal Control Audit Report with standard unqualified opinion, which was consistent with the Internal Control Evaluation Report of the Company.

See SSE website dated Apr. 18, 2015 for the Internal Control Audit Report of the Company.

Whether to disclose the Internal Control Audit Report: Yes

III. Accountability system for major error in annual report and relevant implementation

The *Accountability System for Major Error of Information Disclosed in Annual Report* was approved in the 39th meeting of the fourth Board of Directors to specifically specify the accountability for information in annual report and define the accountability measures for person responsible for information disclosed in annaul report.

In the report period, the preparation, review and disclosure procedures of 2013 Annual Report were in strict according with the requirements of the supervisory authority and the provisions of information disclosure format guidance, and no major error occurred in the information disclosed.

The Annual Financial Statements of the Company had been audited by Cai Xiaoli and Wang Shouyi, CPAs of BDO China Shu Lun Pan Certified Public Accountants LLP, and they had issued an Audit Report with standard unqualified opinion.

Section 10 Financial Statements**I. Auditors' report****Auditors' report**

XKSBZ [2015] No.710940

All 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"), including the consolidated balance sheet as of Dec. 31, 2014, the consolidated income statement, the consolidated cash flow statement, the consolidated statement of owner movement in equity and the notes to financial statements of 2014.

I. Management's Responsibility for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing the financial statements in accordance with the Accounting Standards for Business Enterprises, and realizing fair reflection; (2) designing, implementing and maintaining necessary internal control to the preparation and fair presentation of financial statements that are free from material misstatement.

II. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted out audit in accordance with the Standards on Auditing for Certified Public Accountants. Those standards require that we comply with ethical requirements 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

III. Opinion

In our opinion, the financial statements of the Company were prepared in accordance with the provisions of the Accounting Standards for Business Enterprises in all major aspects, and give a true and fair view of the financial position of the Company as of Dec. 31, 2014, and of its operating results and its cash flows of 2014.

BDO China Shu Lun Pan
Certified Public Accountants LLP

Chinese Certified Public Accountant
: Cai Xiaoli

Shanghai, China Chinese Certified Public Accountant:
Wang Shouyi

Apr. 16, 2015

Financial statements

Consolidated Balance Sheet

Dec. 31, 2014

Prepared by: Datang Technology Co., Ltd.

Unit: yuan Currency: RMB

Item	Note 5	Balance at the end of the period	Balance at the beginning of the period
Current assets:			
Cash and cash equivalents	(I)	1,824,447,546.65	1,358,043,475.41
Deposit reservation for balance			
Lending capitals			
Financial assets changes included in current profit and loss measured by fair value			
Derivative financial assets			
Notes receivable	(II)	817,378,061.22	248,615,637.50
Receivables	(III)	3,841,428,226.36	4,315,583,578.41
Advances to suppliers	(IV)	622,898,112.53	616,691,149.89
Premium receivable			
reinsurance accounts receivable			
Receivable from subcontracting reserves			
Interests receivable			
Dividends receivable	(V)	2,612,662.58	111,731.12
Other receivables	(VI)	244,246,067.94	218,037,810.80
The purchases of resold financial assets			
Inventory	(VII)	1,792,340,677.49	1,423,471,315.75
Assets to hold for sale divided			
Non-current assets maturing within one year			
Other current assets	(VIII)	50,000,000.00	
Total current assets		9,195,351,354.77	8,180,554,698.88
Non-current assets:			
Loans and payments on behalf			
Available-for-sale financial assets	(IX)	53,143,748.75	18,053,400.00
Held-to-maturity investments			
Long-term receivables	(X)	20,449,976.61	35,908,546.84
Long-term equity investments	(XI)	217,833,379.04	196,237,066.67
Investment property			
Fixed assets	(XII)	859,108,262.30	803,503,142.32
Construction in progress	(XIII)	109,228,076.81	18,512,160.48
Project materials			
Disposal of fixed assets			
Productive biological assets			
Oil and gas assets			
Intangible assets	(XIV)	1,336,161,883.07	1,029,742,310.72
Development expenditure	(XV)	517,034,425.34	565,889,443.81
Goodwill	(XVI)	1,608,130,229.39	271,777,613.66
Long-term deferred expenses	(XVII)	14,071,839.12	2,544,068.91
Deferred income tax assets	(XVIII)	34,096,965.86	26,727,527.76
Other non-current assets			
Total non-current assets		4,769,258,786.29	2,968,895,281.17
Total assets		13,964,610,141.06	11,149,449,980.05
Current liabilities:			
Short-term borrowing	(XIX)	3,433,917,237.58	4,737,804,971.63
Borrowings from the Central Bank			
Deposits from customers and interbank			
Borrowing funds			

Item	Note 5	Balance at the end of the period	Balance at the beginning of the period
Financial liabilities changes included in current profit and loss measured by fair value			
Derivative financial liabilities			
Notes payable	(XX)	421,911,787.84	933,797,849.27
Accounts payable	(XXI)	1,375,459,464.00	1,646,409,715.91
Advances from customers	(XXII)	302,765,733.81	274,348,801.52
Financial assets sold for repurchase			
Handling charges and commissions payable			
Employee compensation payable	(XXIII)	38,430,221.68	24,538,984.24
Taxes and surcharges payable	(XXIV)	62,259,744.92	49,706,403.01
Interests payable	(XXV)	19,005,182.20	1,440,765.56
Dividends payable	(XXVI)	37,187,080.46	21,370,760.93
Other payables	(XXVII)	285,204,241.63	210,125,029.60
Dividend payable for reinsurance			
Reserve fund for insurance contracts			
Acting trading securities			
Acting underwriting securities			
Liabilities to hold for sale divided			
Non-current liabilities maturing within one year			
Other current liabilities			
Total current liabilities		5,976,140,694.12	7,899,543,281.67
Non-current liabilities			
Long-term borrowings	(XXVII I)	1,384,596,268.44	500,000,000.00
Bonds payable	(XXIX)	988,062,220.35	
Including: preferred shares			
Perpetual bond			
Long-term payables	(XXX)	1,041,875,046.60	
Employee compensation payable			
Special payables	(XXXI)	68,300,000.00	
Estimated liabilities			
Deferred income	(XXXII)	222,023,476.41	239,363,746.98
Deferred income tax liabilities	(XVIII)	12,658,769.15	1,665,264.43
Other non-current liabilities			
Total non-current liabilities		3,717,515,780.95	741,029,011.41
Total liabilities		9,693,656,475.07	8,640,572,293.08
Owner's equity			
Capital stock	(XXXII I)	882,108,472.00	741,707,313.00
Other equity instruments			
Including: preferred shares			
Perpetual bond			
Capital reserve	(XXXI V)	3,682,967,691.52	2,313,965,000.50
Less: treasury stock			
Other comprehensive income	(XXXV)	1,650,181.12	-2,031,074.52
Special reserves			
Surplus reserves	(XXXV I)	59,839,287.96	59,839,287.96
General risk reserves			
Retained earnings	(XXXV)	-595,796,939.85	-805,176,713.95

Item	Note 5	Balance at the end of the period	Balance at the beginning of the period
	II)		
Total equity attributed to parent company's owner		4,030,768,692.75	2,308,303,812.99
Minority stockholder's equity		240,184,973.24	200,573,873.98
Total owners' equity		4,270,953,665.99	2,508,877,686.97
Total liabilities and owners' equity		13,964,610,141.06	11,149,449,980.05

Legal representative: Cao Bin

Chief Financial Officer: Xue Gui

leading member of the accounting
body: Ouyang Guoyu

Balance Sheet of Parent Company

Dec. 31, 2014

Prepared by: Datang Telecom Technology Co., Ltd.

Unit: yuan Currency: RMB

Item	Note 14	Balance at the end of the period	Balance at the beginning of the period
Current assets:			
Cash and cash equivalents		295,529,375.42	456,672,882.89
Financial assets changes included in current profit and loss measured by fair value			
Derivative financial assets			
Notes receivable		183,643,615.74	55,344,577.00
Receivables	(I)	659,579,513.26	1,221,422,187.55
Advances to suppliers		153,876,024.04	169,506,792.96
Interests receivable			
Dividends receivable		157,298,394.03	323,185,497.44
Other receivables	(II)	2,478,057,962.86	2,240,622,861.06
Inventory		120,610,923.10	148,568,955.78
Assets to hold for sale divided			
Non-current assets maturing within one year			
Other current assets		45,585,290.21	45,585,290.21
Total current assets		4,094,181,098.66	4,660,909,044.89
Non-current assets:			
Available-for-sale financial assets		30,114,476.21	5,000,000.00
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	(III)	4,553,309,430.56	3,104,974,955.01
Investment property			
Fixed assets		159,371,974.28	166,603,614.90
Construction in progress		108,554,681.81	18,512,160.48
Project materials			
Disposal of fixed assets			
Productive biological assets			
Oil and gas assets			
Intangible assets		210,285,536.50	203,533,237.53
Development expenditure		11,233,177.34	23,111,549.03
Goodwill			
Long-term deferred expenses		464,174.00	867,882.00
Deferred income tax assets			
Other non-current assets			
Total non-current assets		5,073,333,450.70	3,522,603,398.95
Total assets		9,167,514,549.36	8,183,512,443.84
Current liabilities:			
Short-term borrowing		1,650,000,000.00	3,302,000,000.00
Financial liabilities changes included in current profit and loss measured by fair value			
Derivative financial liabilities			
Notes payable		20,050,000.00	599,948,956.31
Accounts payable		207,361,178.74	559,407,020.75
Advances from customers		8,382,005.03	33,535,975.02
Employee compensation payable		304,376.21	264,044.60
Taxes and surcharges payable		-9,942,403.36	710,078.00
Interests payable		2,909,164.91	
Dividends payable			
Other payables		988,303,119.30	753,571,181.76

Item	Note 14	Balance at the end of the period	Balance at the beginning of the period
Liabilities to hold for sale divided			
Non-current liabilities maturing within one year			
Other current liabilities			
Total current liabilities		2,867,367,440.83	5,249,437,256.44
Non-current liabilities			
Long-term borrowings		1,284,596,268.44	500,000,000.00
Bonds payable			
Including: preferred shares			
Perpetual bond			
Long-term payables		1,077,000,000.00	
Employee compensation payable			
Special payables			
Estimated liabilities			
Deferred income		4,599,715.20	3,573,315.20
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		2,366,195,983.64	503,573,315.20
Total liabilities		5,233,563,424.47	5,753,010,571.64
Owner's equity:			
Capital stock		882,108,472.00	741,707,313.00
Other equity instruments			
Including: Preferred shares			
Perpetual bond			
Capital reserve		4,008,177,287.51	2,636,664,967.28
Less: treasury stock			
Other comprehensive income			
Special reserves			
Surplus reserves		59,839,287.96	59,839,287.96
Retained earnings		-1,016,173,922.58	-1,007,709,696.04
Total owners' equity		3,933,951,124.89	2,430,501,872.20
Total liabilities and owners' equity		9,167,514,549.36	8,183,512,443.84

Legal representative: Cao Bin

Chief Financial Officer: Xue Gui

leading member of the accounting
body: Ouyang Guoyu

Consolidated Income Statement

Jan. to Dec., 2014

Unit: yuan Currency: RMB

Item	Notes	Amount incurred in current period	Amount incurred in previous period
I. Gross revenue	(XXXVIII)	7,984,031,029.75	7,915,172,624.99
Including: Operating income	(XXXVIII)	7,984,031,029.75	7,915,172,624.99
Interest income			
Realized premium			
Handling charge and commission income			
II. Gross operating cost		7,953,366,904.20	7,874,526,475.82
Including: operating costs	(XXXVIII)	6,384,289,162.66	6,500,578,405.45
Interest expenditure			
Handling charge and commission expenditures			
Return premium			
Net payment for insurance claims			
Net reserve fund for insurance contracts			
Policy dividend expenditures			
Reinsurance expenses			
Business tax and surcharges	(XXXIX)	36,252,138.32	28,594,538.05
Sales expenses	(XXXX)	313,689,957.63	327,039,540.29
Administrative cost	(XXXXI)	760,817,477.98	662,358,679.26
Financial cost	(XXXXII)	339,052,910.89	259,830,824.56
Assets impairment loss	(XXXXIII)	119,265,256.72	96,124,488.21
Plus: Gains on the changes in the fair value ("-" for losses)			
Investment income ("-" for losses)	(XXXXIV)	27,420,591.07	23,207,719.00
Including: Including: Investment income on associated enterprises and associates	(XXXXIV)	-14,226,078.56	-7,537,276.26
Exchange gain (loss marked with "-")			
III. Operating profit (loss marked with "-")		58,084,716.62	63,853,868.17
Plus: non-business income	(XXXXV)	261,383,850.51	202,612,545.79
Including: profit on non-current assets	(XXXXV)	18,389,059.04	3,300.00
Less: non-business expenditure	(XXXXVI)	2,135,571.94	1,214,692.74
Including: loss on non-current assets disposition	(XXXXVI)	1,876,158.11	128,532.18
IV. Total profit (total loss marked with "-")		317,332,995.19	265,251,721.22
Less: income tax expense	(XXXXVII)	69,657,676.51	65,534,599.76
V. Net profit (net loss marked with "-")		247,675,318.68	199,717,121.46
Net profit attributed to parent company owners		217,042,207.05	155,615,858.74
Minority interest income		30,633,111.63	44,101,262.72
VI. After-tax net amount of other comprehensive income		3,681,255.64	-341,729.22
After-tax net amount of other comprehensive income attributed to parent company owners			
(I) Other comprehensive income that cannot be subsequently reclassified into profit and loss			
1. Changes to recalculate net debts or			

Item	Notes	Amount incurred in current period	Amount incurred in previous period
net assets of defined benefit plans			
2. Shares to enjoy in other comprehensive income that cannot subsequently be reclassified into profit and loss by investees under equity method			
(II) Other comprehensive income subsequently reclassified into profit and loss		3,681,255.64	-341,729.22
1. Shares to enjoy in other comprehensive income subsequently reclassified into profit and loss by investees under equity method			
2. Variable profit and loss of fair value of available-for-sale financial assets			
3. Profit and loss of available-for-sale financial assets by reclassification of held-to-maturity investments			
4. Valid parts of profit and loss of cash-flow hedge			
5. Balance arising from the translation of foreign currency statements		3,681,255.64	-341,729.22
6. Others			
After-tax net amount of other comprehensive income attributed to minority shareholders			
VII. Total comprehensive income		251,356,574.32	199,375,392.24
Total comprehensive income attributed to parent company owners		220,723,462.69	155,274,129.52
Total comprehensive income attributed to minority shareholders		30,633,111.63	44,101,262.72
VIII. EPS:			
(I) Basic EPS (earnings per share (Yuan/share))		0.2562	0.2098
(II) Diluted EPS(earnings per share (Yuan/share))		0.2562	0.2098

Legal representative: Cao Bin

Chief Financial Officer: Xue Gui

leading member of the accounting
body: Ouyang Guoyu

Income Statement of Parent Company

Jan. to Dec., 2014

Unit: yuan Currency: RMB

Item	Note 14	Amount incurred in current period	Amount incurred in previous period
I. Operating income	(IV)	461,541,613.25	1,429,109,865.48
Minus: operating costs	(IV)	425,720,744.53	1,321,391,398.83
Business tax and surcharges		2,666,907.28	1,961,002.14
Sales expenses		23,144,455.97	51,727,621.90
Administrative cost		122,895,960.40	96,774,068.67
Financial cost		126,379,404.77	139,556,065.34
Assets impairment loss		20,949,075.58	15,769,965.24
加:Plus: Gains on the changes in the fair value ("-" for losses)			
Investment income ("-"for losses)	(V)	248,566,889.47	334,060,709.08
Including: Investment income on associated enterprises and associates		-5,102,801.18	1,107,989.79
II. Operating profit (loss marked with "-")		-11,648,045.81	135,990,452.44
Plus: non-business income		15,324,987.47	10,215,255.66
Including: profit on non-current assets			
Less: non-business expenditure		12,141,168.20	822,755.45
Including: loss on non-current assets disposition		390,958.19	
III. Total profit (total loss marked with "-")		-8,464,226.54	145,382,952.65
Less: income tax expense			
IV. Net profit (net loss marked with "-")		-8,464,226.54	145,382,952.65
V. After-tax net amount of other comprehensive income			
(I) Other comprehensive income that cannot be subsequently reclassified into profit and loss			
1. Changes to recalculate net debts or net assets of defined benefit plans			
2. Shares to enjoy in other comprehensive income that cannot subsequently be reclassified into profit and loss by investees under equity method			
(II) Other comprehensive income subsequently reclassified into profit and loss			
1. Shares to enjoy in other comprehensive income subsequently reclassified into profit and loss by investees under equity method			
2. Variable profit and loss of fair value of available-for-sale financial assets			
3. Profit and loss of available-for-sale financial assets by reclassification of held-to-maturity investments			
4. Valid parts of profit and loss of cash-flow hedge			
5. Balance arising from the translation of foreign currency statements			
6. Others			
VI. Total comprehensive income		-8,464,226.54	145,382,952.65
VII. EPS:			
(I) Basic EPS (earnings per share (Yuan/share))			
(II) Diluted EPS(earnings per share (Yuan/share))			

Legal representative: Cao Bin

Chief Financial Officer: Xue Gui

leading member of the accounting
body: Ouyang Guoyu

Consolidated Cash Flow Statement

Jan. to Dec., 2014

Unit: Yuan Currency: RMB

Item	Note 5	Amount incurred in current period	Amount incurred in previous period
I. Cash flow generated from operation activities			
Cash received from sale of goods and rendering of services		8,513,262,006.14	6,832,959,917.91
Net increase in client deposit and amount due from banks			
Net increase in borrowings from central bank			
Net increase in borrowings from other financial institutions			
Cash received from premium of original insurance contract			
Net cash received from reinsurance			
Net increase in deposit and investment of insured			
Net increment from disposal of financial assets measured at fair value and changes recorded into current period profit or loss			
Cash received from interests, handling charge and commission			
Net increase in borrowings			
Net increase in business repurchase fund			
Refunds of tax received		28,202,742.58	31,582,133.60
Cash received from other operating activities	(XXXXVIII)	315,247,299.10	253,450,742.45
Sub-total of cash inflows from operating activities		8,856,712,047.82	7,117,992,793.96
Cash to purchase commodities and receive labor service		8,012,482,294.60	5,998,090,012.75
Net increase in client borrowing and advance			
Net increase in deposits with central bank and interbak			
Cash paid for claims of original insurance contracts			
Cash paid for interests, handling charge and commission			
Cash paid for policy dividend			
Cash payments to and for employees.		638,853,950.44	586,978,972.38
Tax and expense payments		233,224,254.75	216,821,860.49
Other cashes relevant to operation activities	(XXXXVIII)	559,202,052.50	468,155,711.77
Sub-total of cash outflows from operating activities		9,443,762,552.29	7,270,046,557.39
Net cash flows from operating activities		-587,050,504.47	-152,053,763.43
II. Cash flow generated from investment activities:			
Cash received by disinvestment			7,000,000.00
Cash obtained from investment income		111,731.12	
Net cash returned to dispose fixed assets, intangible assets and other long-term assets		88,997,586.00	44,867.00

Item	Note 5	Amount incurred in current period	Amount incurred in previous period
Net cash received from disposal of subsidiaries and other business units			16,204,349.05
Cash received from other investing activities	(XXXXVIII)	147,651,976.67	24,500,000.00
Subtotal of cash inflows for investment activities		236,761,293.79	47,749,216.05
Cash to pay for acquisition or construction of fixed assets, intangible assets and other long-term assets		448,482,696.80	856,634,439.10
Cash to pay for investment		22,474,172.00	49,603,624.00
Net increase in collateral borrowing			
Net cash paid by subsidiaries and other business units		234,373,605.42	
Payment on cash relevant to other Investment activities	(XXXXVIII)	175,010,913.42	
Subtotal of cash outflows for investment activities		880,341,387.64	906,238,063.10
Net cash flows from investing activities		-643,580,093.85	-858,488,847.05
III. Cash flow generated from financial activities:			
Cash received from investors		436,809,003.08	4,210,526.32
Including: Cash received by subsidiaries from attracting investment of minority shareholders		26,324,797.00	4,210,526.32
Cash received by borrowing		8,556,167,202.83	7,283,365,614.36
Cash received from bonds issuance			
Other cashes relevant to financial activities	(XXXXVIII)	68,300,000.00	
Sub-total of cash inflows from financing activities		9,061,276,205.91	7,287,576,140.68
Cash to pay for settlement of debts		7,036,760,831.30	5,784,002,796.30
Cash to distribute dividend on shares and profits or cash to pay for interests		340,145,494.90	293,056,891.56
Including: Dividend and profit subsidiaries paid to minority shareholders			29,092,723.87
Payment on cash relevant to other financial activities	(XXXXVIII)	91,960,027.35	93,719,060.26
Sub-total of cash outflows from financing activities		7,468,866,353.55	6,170,778,748.12
Net cash flows from financing activities		1,592,409,852.36	1,116,797,392.56
IV. Effect of fluctuation in exchange rate on cash and cash equivalents		3,325,869.64	-2,043,861.51
V. Net increase in cash and cash equivalents		365,105,123.68	104,210,920.57
Plus: Balance of cash and cash equivalents at the beginning of the period		1,223,748,715.84	1,119,537,795.27
VI. Balance of cash and cash equivalents at the end of the period		1,588,853,839.52	1,223,748,715.84

Legal representative: Cao Bin

Chief Financial Officer: Xue Gui

leading member of the accounting
body: Ouyang Guoyu

Cash Flow Statement of Parent Company
Jan. to Dec., 2014

Unit: yuan Currency: RMB

Item	Notes	Amount incurred in current period	Amount incurred in previous period
I. Cash flow generated from operation activities			
Cash received from sale of goods and rendering of services		854,828,783.95	748,423,725.38
Refunds of tax received		7,581,574.73	46,270.39
Cash received from other operating activities		84,441,856.54	24,839,021.54
Sub-total of cash inflows from operating activities		946,852,215.22	773,309,017.31
Cash to purchase commodities and receive labor service		1,393,249,189.12	718,644,211.10
Cash payments to and for employees.		66,515,040.55	60,177,015.68
Tax and expense payments		7,851,447.07	11,699,153.44
Other cashes relevant to operation activities		147,855,256.56	98,045,007.20
Sub-total of cash outflows from operating activities		1,615,470,933.30	888,565,387.42
Net cash flows from operating activities		-668,618,718.08	-115,256,370.11
II. Cash flow generated from investment activities:			
Cash received by disinvestment		600,000,000.00	39,085,600.00
Cash obtained from investment income		303,511,731.12	4,707,724.03
Net cash returned to dispose fixed assets, intangible assets and other long-term assets		21,500.00	15,000.00
Net cash received from disposal of subsidiaries and other business unit s			
Cash received from other investing activities		22,651,976.67	
Subtotal of cash inflows for investment activities		926,185,207.79	43,808,324.03
Cash to pay for acquisition or construction of fixed assets, intangible assets and other long-term assets		91,681,360.40	98,169,566.18
Cash to pay for investment		865,609,242.91	320,250,224.00
Net cash paid by subsidiaries and other business units			
Payment on cash relevant to other Investment activities			
Subtotal of cash outflows for investment activities		957,290,603.31	418,419,790.18
Net cash flows from investing activities		-31,105,395.52	-374,611,466.15
III. Cash flow generated from financial activities:			
Cash received from investors		410,484,206.08	
Cash received by borrowing		5,279,865,834.13	6,686,823,482.90
Other cashes relevant to financial activities		163,033,720.56	27,000,000.00
Sub-total of cash inflows from financing activities		5,853,383,760.77	6,713,823,482.90
Cash to pay for settlement of debts		4,967,000,000.00	6,099,549,994.81
Cash to distribute dividend on shares and profits or cash to pay for interests		249,342,540.12	146,456,243.97

Item	Notes	Amount incurred in current period	Amount incurred in previous period
Payment on cash relevant to other financial activities		2,671,826.04	237,618,109.21
Sub-total of cash outflows from financing activities		5,219,014,366.16	6,483,624,347.99
Net cash flows from financing activities		634,369,394.61	230,199,134.91
IV. Effect of fluctuation in exchange rate on cash and cash equivalents		204.05	-1,791.09
V. Net increase in cash and cash equivalents		-65,354,514.94	-259,670,492.44
Plus: Balance of cash and cash equivalents at the beginning of the period		356,285,131.75	615,955,624.19
VI. Balance of cash and cash equivalents at the end of the period		290,930,616.81	356,285,131.75

Legal representative: Cao Bin

Chief Financial Officer: Xue Gui

leading member of the accounting
body: Ouyang Guoyu

Consolidated Statement of Owner Movement in Equity
Jan. to Dec., 2014

Unit: yuan Currency: RMB

Item	Current period												
	Equity attributed to parent company's owner												Minority stockholder's equity
	Capital stock	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Other	
		Preferred shares	Perpetual bond	Other									Total owners' equity
I. Balance at the end of the period in last year	741,707,313.00				2,313,965,000.50				59,839,287.96		-805,176,713.95	-2,031,074.52	200,573,873.98
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													
Other													
II. Balance at the beginning of the period 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
III. Amount increased/ decreased in current period (decrease marked with "-")	140,401,159.00				1,369,002,691.02		3,681,255.64				209,379,774.10		39,611,099.26
(I) Total comprehensive income							3,681,255.64				217,042,207.05		30,633,111.63
(II) Capital	140,401,159.00				1,369,002,691.02								24,794,307.16

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Item	Current period													
	Equity attributed to parent company's owner												Minority stockholder's equity	Total owners' equity
	Capital stock	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Other		
contributed or reduced by owners														
1. Common shares input by shareholders	140,401,159.00				1,361,866,767.23								38,994,868.11	1,541,262,794.34
2. Capital input by other equity instrument holders														
3. Amount of share payment recorded in owner's equity														
4. Others					7,135,923.79								-14,200,560.95	-7,064,637.16
(III) Profit distribution													-15,816,319.53	-15,816,319.53
1. Withdrawal legal surplus														
2 .Withdrawal of general risk reserve														
3 . Profit distributed to owners													-15,816,319.53	-15,816,319.53
4. Others														
(IV) Internal carry-forward of owners' equity														
1. Capital reserves change to capital (or stock)														
2. Surplus														

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Item	Current period												
	Equity attributed to parent company's owner												Minority stockholder's equity
	Capital stock	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Other	
		Preferred shares	Perpetual bond	Other									Total owners' equity
reserves change to capital (or stock)													
3. Loss covered with surplus reserves													
4. Others													
(V) Special reserves													
1. Withdrawal in current period													
2. Usage in current period													
(VI) Others											-7,662,432.95		-7,662,432.95
IV. Balance at the end 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

2014 ANNUAL REPORT

Item	Previous period												
	Equity attributed to parent company's owner												Minority stockholder's equity
	Capital stock	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Other	
		Preferred shares	Perpetual bond	Other									Total owners' equity
I. Balance at the end of the period in last year	741,707,313.00				2,328,980,972.69				59,839,287.96		-960,792,572.69	-1,689,345.30	181,467,765.54
Plus: adjustments for changes in accounting policies							-1,689,345.30					1,689,345.30	
Adjustments for correction of accounting errors in prior year													
Business combination under common control													
Other													
II. Balance at the beginning of the period this year	741,707,313.00				2,328,980,972.69		-1,689,345.30		59,839,287.96		-960,792,572.69		181,467,765.54
III. Amount increased/ decreased in current period (decrease marked with "-")					-15,015,972.19		-341,729.22				155,615,858.74		19,106,108.44
(I) Total comprehensive income							-341,729.22				155,615,858.74		44,101,262.72
(II) Capital contributed or reduced by owners					-15,015,972.19								-12,720,624.59
1. Common					-23,115,972.19								5,112,686.31

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Item	Previous period												
	Equity attributed to parent company's owner												Minority stockholder's equity
	Capital stock	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Other	
		Preferred shares	Perpetual bond	Other									Total owners' equity
shares input by shareholders													
2. Capital input by other equity instrument holders													
3. Amount of share payment recorded in owner's equity													
4. Others					8,100,000.00								-17,833,310.90
(III) Profit distribution													-12,274,529.69
1. Withdrawal legal surplus													
2 . Withdrawal of general risk reserve													
3 . Profit distributed to owners													-12,274,529.69
4. Others													
(IV) Internal carry-forward of owners' equity													
1. Capital reserves change to capital (or stock)													
2. Surplus reserves change to capital (or stock)													
3. Loss													

2014 ANNUAL REPORT

Item	Previous period												
	Equity attributed to parent company's owner												Minority stockholder's equity
	Capital stock	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Other	
		Preferred shares	Perpetual bond	Other									Total owners' equity
covered with surplus reserves													
4. Others													
(V) Special reserves													
1. Withdrawal in current period													
2. Usage in current period													
(VI) Others													
IV. Balance at the end of the current period	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

Legal representative: Cao Bin Chief Financial Officer: Xue Gui leading member of the accounting body: Ouyang Guoyu

Parent Company's Statement of Owner Movement in Equity
Jan. to Dec., 2014

Unit: Yuan Currency: RMB

Item	Current period										
	Capital stock	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total owners' equity
		Preferred shares	Perpetual bond	Other							
I. Balance at the end of the period in 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. Balance at the beginning of the period 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. Amount of increase of decrease in current period (“-” 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 shares invested by shareholders	140,401,159.00				1,361,866,767.23						1,502,267,926.23
2. Capital invested by holders of other equity instruments											
3. Amount of stock payment recorded to owner’s equity											
4. Others					9,645,553.00						9,645,553.00
(III) Profit distribution											
1. Withdrawal of surplus reserves											
2. Profit distributed to											

2014 ANNUAL REPORT

Item	Current period										
	Capital stock	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total owners' equity
		Preferred shares	Perpetual bond	Other							
owners											
3. Others											
(IV) Internal carry-forward of owners' equity											
1. Conversion of capital reserves into paid-in capital											
2. Conversion of surplus reserves into paid-in capital											
3. Making up loss from surplus reserves											
4. Others											
(V) Special reserves											
1. Amount withdrawn in the current year											
2. Amount used in the current year											
(VI) Others											
IV. Balance at the end 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

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Item	Previous period										
	Capital stock	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total owners' equity
		Preferred shares	Perpetual bond	Other							
I. Balance at the end of the period in last year	741,707,313.00				2,628,564,967.28				59,839,287.96	-1,148,491,351.35	2,281,620,216.89
Plus: adjustments for changes in accounting policies											
Adjustments for correction of accounting errors in prior year											
Other											
II. Balance at the beginning of the period this year	741,707,313.00				2,628,564,967.28				59,839,287.96	-1,148,491,351.35	2,281,620,216.89
III. Amount of increase of decrease in current period ("-" for decreases)					8,100,000.00					140,781,655.31	148,881,655.31
(I) Total comprehensive income										145,382,952.65	145,382,952.65
(II) Capital contributed or reduced by owners					8,100,000.00						8,100,000.00
1. Ordinary shares invested by shareholders											
2. Capital invested by holders of other equity instruments											
3. Amount of stock payment recorded to owner's equity											
4. Others					8,100,000.00						8,100,000.00
(III) Profit distribution											
1. Withdrawal of surplus reserves											
2. Profit distributed to owners											
3. Others											

2014 ANNUAL REPORT

Item	Previous period										
	Capital stock	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total owners' equity
		Preferred shares	Perpetual bond	Other							
(IV) Internal carry-forward of owners' equity											
1. Conversion of capital reserves into paid-in capital											
2. Conversion of surplus reserves into paid-in capital											
3. Making up loss from surplus reserves											
4. Others											
(V) Special reserves											
1. Amount withdrawn in the current year											
2. Amount used in the current year											
(VI) Others										-4,601,297.34	-4,601,297.34
IV. Balance at the end of the current period	741,707,313.00				2,636,664,967.28				59,839,287.96	-1,007,709,696.04	2,430,501,872.20

Legal representative: Cao Bin Chief Financial Officer: Xue Gui leading member of the accounting body: 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 No. [1998]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 Sep. 21, 1998, with the registration number of business entity business license: 110000005200352. Its stock was listed and traded in Shanghai Stock Exchange since Oct. 21, 1998. It belongs to communication equipment manufacturing industry. Up to Dec. 31, 2014, the Company totally issued 882,108,472.00 shares. Registered capital: RMB 882,108,472.00 yuan. 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: Sep. 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: Jan. 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 all directors of the Company on Apr. 16, 2015.

2. Scope of combined financial statement

Up to Dec. 31, 2014, 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.
Datang Software Technology Co., Ltd.
Datang Telecom (H.K.) Limited
Datang Telecom (Tianjin) Technical Service Co., Ltd.
Beijing Datang Smart Card Technology Co., Ltd.
Datang Telecom (Tianjin) Communication Terminals Manufacturing Co., Ltd.
Xinhua Reader (Beijing) Network Technology Co., Ltd.
Datang Telecom (Chengdu) Information Technology Co., Ltd.
Datang Telecom (Nanjing) Energy-saving & Information Technology Co., Ltd.
Datang Chuangxingang Investment (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 Yaowan 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 I-front Information Science & Technology Co., Ltd.
Shanghai Uniscope Communication Technologies Co., Ltd.
Shanghai Puge Electronics Co., Ltd.
Shanghai Jingyou Communication Technology Co., Ltd.
Shenzhen Yousi 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.
365IME (Beijing) Network Technology Co., Ltd.
Datang (H.K.) Holding 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. Compiling foundation of financial statement

1. **Compiling foundation**

The financial statement of the Company is compiled based on going concern.

The Company allows financial statements to be compiled based on going concern, according to actual transactions & items, *Accounting Standard for Business Enterprises – Basic Standard* issued by Ministry of Finance, various specific accounting rules, application guidance of accounting standards for business enterprises, interpretations of accounting standards for business enterprises, other related regulations (hereinafter referred to 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. Critical accounting policies and accounting estimates

Accounting policy and accounting estimate prompt:

Disclosure contents below already contain specific accounting policies and accounting estimates formulated by the Company according to actual production & management features. See details in annotations “III. (11) Bad-debt reserves for receivables”, “III. (12) Inventory”, “III. (16) Fixed assets” and “III. (24) Incomes”.

1. Declaration of abiding by accounting standard for business enterprises

Financial statement compiled by the Company meets the accounting standard for business enterprises, and reflects information of the Company’s e.g. financial condition, operation result, stockholder equity change and cash flow actually and completely.

2. financial year is from 1st of Jan. to 31st of Dec..

3. Operating cycle

The Company has a 12-month operating cycle.

4. Functional currency

The Company takes RMB as recording currency.

5. Accounting treatment of business combination under common control and non-unitary control

Business combination under common control: The Company calculates assets and liabilities obtained in business combination according to book values in the financial statement, about the assets and liabilities (including business reputation formed in purchasing the Combined Party by the Final Controlling Party) of the Combined Party, of the Final Controlling Party on the combination day. Stock premium in capital reserves are adjusted to make up balance between book value of net assets obtained in combination and book value of paid combination consideration (or total face value of issued shares). In case of write-down failure, retained earnings are adjusted.

Business combination under non-unitary control: The Company calculates assets paid for business combination consideration, and liabilities which occur or are taken by the Company on the purchase day according to fair values, and records balances between fair values and book values in the profits and losses of the current period. The Company confirms balances that combination costs are greater than the fair values of identifiable net assets, obtained in combination, of the Purchased Party as business reputation, and records balances that combination costs are smaller than those fair values in the profits and losses of the current period.

Agency fees on audit, legal service, evaluation consultancy and the like and other direct related fees in business combination are recorded in the profits and losses of the current period when occurring. Transaction expenses on issuing equity securities for business combination are made for equity write-down.

6. Compiling method of combined financial statement

1. Combination scope

The Company has the combination scope of combined financial statement determined based on control, and lists all subsidiaries (including the divisible of the Invested Party controlled by the Company) in that statement.

2. Consolidation procedure

The Company shall prepare the consolidated financial statement based on the financial statements of the Company and its subsidiaries and other relevant information and data. The Company shall prepare the consolidated financial statement to regard the whole enterprise group as an accounting entity to reflect the overall financial position, business performance and cash flow of the enterprise group in accordance with the requirements of confirmation, measurement and presentation in the pertinent accounting standards of business enterprises as well as the unified accounting policies.

The accounting policies and periods incorporated in the scope of the consolidated financial statement adopted by the subsidiaries shall be consistent with those of the Company, and in case of any discrepancy, the necessary adjustments shall be made during the preparation of consolidated financial statement pursuant to the accounting policies and periods of the Company. For any subsidiary obtained through the business consolidation not under common control, its financial statements shall be adjusted based on the fair value of net identifiable assets on the date of acquisition. For any subsidiary obtained through the business consolidation under common control, its financial statements shall be adjusted on the basis of the book value of its assets and liabilities (including goodwill arising from acquiring the subsidiary by the ultimate controlling party) in the financial statement of the ultimate controlling party.

For the owner's equity, net gains and losses of the current period and comprehensive income of the current period of any subsidiary owned by the minority shareholder, they shall be separately presented under the owner's equity item in the consolidated balance sheet and the net profit item and total comprehensive income item in the consolidated profit statement. In case the losses of the current period shared by a subsidiary's minority shareholders exceeds the balance generated by the shares in the owner's equity owned by them at the beginning of the period of the subsidiary, the minority shareholders' equity shall be written down.

(1) Increase of subsidiaries or business

During the report period, if any increase in subsidiaries or business is resulted from the business consolidation under common control, the beginning balance of consolidated financial statement will be adjusted; the incomes, costs and profits of subsidiary or business consolidation from the beginning of the current period to the end of the report period will be incorporated in the consolidated profit statement; the cash flows of subsidiary or business consolidation from the beginning of the current period to the end of the report period will be included in the consolidated statement of cash flows and the relevant items in the comparative statement will be adjusted, and the reporting entity formed after consolidation shall be regarded as an entity that always exists from the date when the ultimate controlling party executes its controlling rights.

In case the investees under common control can be controlled arising from additional investment, etc., all parties participating in consolidation shall exist under their current status from the date when the ultimate controlling party executes its controlling rights and adjusted. For the equity investment held before the combined party's rights of control are obtained, the changes in relevant gains and losses, other comprehensive incomes and other net assets, which are confirmed on the date when the original stock rights are obtained or the date when the combining party and the combined party are under common control (whichever is later), shall be offset against the beginning retained earnings or the gains and losses of the current period during the period of statement comparison, respectively.

During the report period, in case any increase in subsidiaries or business is resulted from the business consolidation not under common control, the beginning balance of consolidated financial statement will not be adjusted; the incomes, costs and profits of the subsidiary or business from the purchase date to the end of the report period will be incorporated in the consolidated profit statement; the cash flows of the subsidiary or business from the purchase date to the end of the report period will be included in the consolidated statement of cash flows.

In case the investees not under common control can be controlled arising from additional investment, etc., for the equity of the acquiree held before the date of acquisition, the Company will remeasure the equity at its fair value on the date of acquisition, and the balance between the fair value and its book value will be included in the investment income of the current period. If the equity of the acquiree held before the date of acquisition involves other comprehensive income calculated with the equity method and other owner's equity changes except for net gains and losses, other comprehensive incomes and distribution of profits, other comprehensive incomes and other owner's equity changes relating to the equity are converted into the investment incomes of the current period on the date of acquisition, excluding other comprehensive incomes arising from the investees remeasuring the changes in net liabilities or net assets of the defined benefit plans.

(2) Disposal of subsidiaries or business

① General disposal method

In case the Company disposes of a subsidiary or business in the report period, the incomes, costs and profits of the subsidiary or business from the beginning of the period to the date of disposal will be incorporated in the consolidated profit statement; the cash flows of the subsidiary or business from the beginning of the period to the date of disposal will be included in the consolidated statement of cash flows.

If the loss of the investee's rights of control is incurred from disposing of part of equity investment or for other reasons, the Company will remeasure the residual equity investment after disposal at the fair value on the date when the rights of control are lost. The balance between the sum of the consideration arising from disposal of stock rights and the fair value of residual equity minus the sum of net assets of the original subsidiary continuously calculated at the original shareholding ratio from the date of acquisition or the date of consolidation and goodwill shall be included in the investment incomes of the current period of loss of rights of control. Other comprehensive incomes and other owner's equity changes except for net gains and losses, other comprehensive incomes and distribution of profits relating to the equity investment of the original subsidiary are converted into the investment incomes of the current period on the date of loss of rights of control, excluding other comprehensive incomes arising from the investees remeasuring the changes in net liabilities or net assets of the defined benefit plans.

② Step-by-step disposal of subsidiary

The subsidiary's equity investment shall be disposed of step by step through multiple transactions until the subsidiary loses its rights of control, and in case the influence of such disposal on the terms, conditions and economy of each transaction relating to the subsidiary's equity investment conforms to one or more of the following situations, it usually indicates that accounting treatment will be performed for the matter of multiple transactions as a package deal.

- i. These transactions are concluded at the same time or considering mutual influences;
- ii. Only all transactions can accomplish one complete business results;

- iii. The occurrence of one transaction is dependent on the occurrence of one or more other transactions;
- iv. Only one transaction is not economical, but it is economical to consider the transaction and other transactions.

In case each transaction of disposal of the subsidiary's equity investment until the subsidiary loses its rights of control belongs to the package deal, the Company will regard each transaction as one transaction of disposal of the subsidiary and loss of rights of control for accounting treatment; however, the balance between the price of each disposal prior to loss of rights of control and the net assets of the subsidiary corresponding to the disposal investment will be confirmed as other comprehensive incomes in the consolidated financial statement and at the time of loss of rights of control, such balance will be transferred to the gains and losses of the recurrent period of loss of rights of control.

If each transaction of disposal of the subsidiary's equity investment until the subsidiary loses its rights of control does not belong to the package deal, prior to loss of rights of control, accounting treatment will be performed as per the relevant policies for disposing of part of the subsidiary's equity investment without loss of rights of control; in case of loss of rights of control, accounting treatment will be performed according to the general disposal method for disposing of subsidiaries.

(3) Purchase of minority interest of subsidiaries

The balance between the long-term equity investment obtained by the Company through purchase of minority interest and the net assets of subsidiaries continuously calculated at the newly-increased shareholding ratio from the date of purchase (or consolidation) is used to adjust the share premium of capital reserve in the consolidated balance sheet, and if the share premium fails to be offset, the retained incomes will be adjusted.

(4) Disposal of part of equity investment of subsidiaries without loss of rights of control

The balance between the disposal price obtained by disposing of part of the long-term equity investment of a subsidiary without loss of rights of control and the net assets of subsidiaries corresponding to disposal of long-term equity investment continuously calculated from the date of purchase or the date of consolidation is used to adjust the share premium of capital reserve in the consolidated balance sheet, and if the share premium fails to be offset, the retained incomes will be adjusted.

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

The classification of joint venture arrangement consists of joint operation and joint venture.

If the Company is the JV party of joint venture arrangement, hold the relevant assets of the arrangement and assume the relevant liabilities of the arrangement, it will be regarded as joint operation.

The Company confirms the following item relating to the quantum of interest of joint operation and perform accounting treatment in accordance with the relevant accounting standards for business enterprises:

- (1) To confirm the assets separately held by the Company, and the jointly-held assets confirmed as per the share of the Company;
- (2) To confirm the liabilities separately assumed by the Company, and the joint liabilities confirmed as per the share of the Company;

- (3) To confirm the incomes incurred by selling the produced shares of joint operation held by the Company;
- (4) To confirm the incomes of joint operation incurred by selling output as per the share of the Company;
- (5) To confirm the costs incurred separately and the costs incurred from joint operation as per the share of the Company.

For the accounting policies of joint venture investment of the Company, see the Note - "III. (14) Long-term Equity Investment".

8. Standards for determination 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 3 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 transaction and translation of foreign currency statement

1. Foreign currency transaction

For the foreign currency transaction, the spot exchange rate on the date of transaction is used as the rate of translation, and the amount of foreign currency is converted into RMB for recognition.

The balance of foreign currency monetary item at the balance sheet date will be translated at the spot exchange rate of the balance sheet date, and the balance of exchange arising from it will be included in the gains and losses of the current period, except for the balance of exchange incurred by special borrowing of foreign currency relating to the assets eligible for capitalization under acquisition and construction, which will be treated with the principle of capitalization of borrowing costs.

2. Methods of translation of foreign currency financial statement

The assets and liabilities in the balance sheet shall be translated at the spot exchange rate of the balance sheet date; the items of owner's equity (excluding "retained earnings") shall be translated at the spot exchange rate incurred. The incomes and costs in the profit statement shall adopt the spot exchange rate on the date of transaction.

In case of disposal of overseas operation, the balance of translation of foreign currency financial statement relating to this overseas operation shall be transferred from the item of owner's equity to the gains and losses of the current period of disposal.

10. Financial instruments

The 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: the financial assets or liabilities measured at the fair value, of which the changes are included in the gains and losses of the current period, including financial assets or liabilities held for trading and the directly-designated financial assets or liabilities measured at the fair value, of which the changes are included in the gains and losses of the current period; held-to-maturity investment; receivables; available-for-sale financial assets; other financial liabilities, etc.

2. Basis of confirmation and method of measurement of financial instruments

- (1) Financial assets (or liabilities) measured at the fair value, of which the changes are included in the gains and losses of the current period

In case of acquisition, the fair value (minus cash dividend declared but not distributed or bond interest not received when the interest payment period expires) is used as the amount of initial recognition, and the relevant costs of transaction are included in the gains and losses of the current period.

During the period of holding, the interest or cash dividends obtained are recognized as the investment income, and at the end of the period, the changes in the fair value are included in the gains and losses of the current period.

At the time of disposal, the balance between the fair value and the amount of initial costs entered in an account is recognized as the investment income, while the gains and losses of changes in fair value are adjusted.

- (2) Held-to-maturity investment

In case of acquisition, the sum of the fair value (deducting bond interest not received when the interest payment period expires) and the relevant transaction costs is used as the initial recognition amount.

During the period of holding, the interest income is calculated and recognized at the amortized cost and the effective interest rate and is included in the investment income. The effective interest rate will remain unchanged during the expected period of existence or the shorter period in case of acquisition.

At the time of disposal, the balance between the price obtained and the book value of the investment is included in the investment income.

- (3) Receivables

For the receivable credits arising from selling goods overseas or providing labour services by the Company and the debt receivable and other receivables (exclusive of the credits of debt instruments without quotation in the active market) of other enterprises held by the Company, etc., the contract or agreement price to be received by the buyer is used as the initial recognition amount; for credit financing, initial recognition is preformed at its present value.

At the time of withdrawal or disposal, the balance between the obtained price and the book value of receivables is included in the gains and losses of the current period.

- (4) Available-for-sale financial assets

In case of acquisition, the sum of the fair value (deducting cash dividend declared but not distributed or bond interest not received when the interest payment period expires) and the relevant transaction costs is used as the initial recognition amount.

During the period of holding, the interest or cash dividends obtained are recognized as the investment income. At the end of the period, it is measured at the fair value and the changes in the fair value are included in other comprehensive incomes. However, the investment in equity instruments without quotation in the active market, of which the fair value cannot be reliably measured, and the financial derivative, which is linked up with the equity instruments and must be settled through the delivery of the equity instruments, are measured on cost.

In case of disposal, the balance between the obtained price and the book value of the financial assets is included in the gains and losses of investment; meanwhile, the amount of disposal corresponding to the original accumulated amount of changes in the fair value directly credited to other comprehensive incomes is transferred and included in the gains and losses of the current period.

(5) Other financial liabilities

The sum of the fair value and the relevant transaction costs is used as the initial recognition amount. The amortized cost is adopted for subsequent measurement.

3. Recognition basis and measurement method of transfer of financial assets

In case of the transfer of financial assets, if the company has transferred almost all risks and reward of financial assets ownership to the transferee, it should derecognize the financial asset; in case of reserving almost all risks and reward of financial assets ownership, it shall not derecognize the financial asset.

When judging whether the transfer of financial assets will satisfy the above-mentioned derecognition condition of financial assets, abide by the principle of substance over form. Company differentiates the transfer of financial assets to overall transfer and part-quantity transfer of financial assets. In case the overall transfer of financial assets satisfies the derecognition condition, it shall include the balance of the following two amounts into the current profit and loss:

- (1) Book value of the transferred financial assets;
- (2) The sum of consideration received from transfer and the accumulated amount of fair value change originally included into owner's equity directly (involving the case that the transferred financial assets are available-for-sale financial assets).

In case the part-quantity transfer of financial assets satisfies the derecognition conditions, share the book value of the transferred financial assets between the derecognition part and non-derecognition part according to their own relative fair value and include the balance of the following two amounts into current profit and loss:

- (1) Book value of the derecognition part
- (2) The sum of consideration received from transfer and the amount in the accumulated amount of fair value change originally included into owner's equity directly corresponding to the derecognition part (involving the case that the transferred financial assets are available-for-sale financial assets).

In case the transfer of financial assets does not satisfy the derecognition condition, continue to recognize the financial asset and the received consideration is recognized as a term of financial liability.

4. Derecognition conditions of financial liability

In case all or part of the current obligation of financial liability has been released, derecognize the financial liability or part of the financial liability; in case the Company signs an agreement with the creditor, replace the existing financial liability in the manner of bearing new financial liability. In case the contract terms of new financial liability and existing financial liability are different in essence, derecognize the existing financial liability and recognize new financial liability.

In case of making material alteration to all or part of contract terms of existing financial liability, derecognize the existing financial liability or part of the financial liability and recognize the financial liability with altered terms as a new financial liability.

In case of derecognizing all or part of financial liability, the balance between the book value of derecognized financial liability and payment consideration (including the transferred non-cash assets or assumed new financial liability) shall be included into current profit and loss.

In case the Company repurchases part of financial liability, distribute the overall book value of the financial liability according to the relatively fair value of continuous recognition part and derecognition part on the repurchase day. The balance between the book value distributed to the derecognition part and the paid consideration (including the transferred non-cash assets or assumed new financial liability) shall be included into current profit and loss.

5. Determination method of fair value of financial assets and financial liability

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 method of financial assets (not including receivables) impairment and accounting treatment method

Except for the financial assets measured by fair value with change included into current profit and loss, the Company checks the book value of financial assets on the balance sheet date. In case that there is objective evidence showing the impairment of some financial asset, make preparation of calculating the assets impairment.

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

In case of severe degradation of fair value of available-for-sale financial assets in the term end or it is predicated that such kind of degradation trend is non-transient after considering about all kinds of relevant factors, it is affirmed that the financial asset has been devalued. Concurrently transfer the aggregate losses formed by degradation of fair value originally included into owner's equity directly and confirm the impairment loss.

As for the available-for-sale debt instrument whose impairment loss has been confirmed, transfer the originally confirmed impairment loss back and included into current profit and loss in case the fair value is rising during the accounting and it is related to the event happened after the confirmation of original impairment 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 hold-to-maturity investment:

The measurement of impairment loss of hold-to-maturity investment shall be disposed according to the measurement method of impairment loss of receivables.

11. Receivables**(1) Receivables with significant individual amount and individual provision for bad debt**

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 debt	Make impairment test solely on receivables with significant individual amount. If there is objective evidence showing the impairment, make provision for bad debt according to the current value of future cash flow lower than the balance of its book value.

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

Basis for determining the combination	
Portfolio 1	Significant individual amount with small combination risk
Portfolio 2	Small individual amount and small combination risk
Portfolio 3	Large combination risk
Withdrawing method of provision for bad debt based on combination	
Portfolio 1	Aging analysis methods
Portfolio 2	Aging analysis methods
Portfolio 3	Aging analysis methods

The term adopting the aging of accounts to make provision for bad debt in the combination

☐ Inapplicable

Aging	Withdrawing proportion of receivables (%)	Withdrawing proportion of other receivables (%)
Within 1 year (including 1 year)	0.50	0.50
1-2 years (including 2 years)	2.00	2.00
2-3 years (including 3 years)	5.00	5.00
3-4 years (including 4 years)	30.00	30.00
4-5 years (including 5 years)	50.00	50.00
More than 5 years	100.00	100.00

The term adopting the percentage of balance to make provision for bad debt in the combination

☐ applicable ☒ inapplicable

The term adopting other methods to make provision for bad debt in the combination

☐ applicable ☒ inapplicable

(3) Receivables with small individual amount but individual provision for bad debt:

Cause for individual provision for bad debt	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.
Withdrawing method of provision for bad debt	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. Inventory**1. Classification of inventory**

Classifications of inventory: materials in transit, raw materials, revolving materials, work in process-outsourced, goods in process, self-manufactured semi-finished products, finished products (merchandise inventory), packing materials, low cost and short lived articles, etc.

2. Valuation method of delivering inventory

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 inventory 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

Adopt perpetual inventory system

5. Amortization method of low cost and short lived articles and packing materials

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

13. Divided into available-for-sale assets

The Company recognizes the components (or non-liquid assets) simultaneously satisfying the following conditions as available-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 of common control and significant impact

Common control refers to the mutual control on some arrangement according to relevant stipulations and relevant activities of the arrangement must be determined with the consensus of participants sharing the control right. In case the Company and other joint ventures carry out common control on the invested unit and the net assets of the invested unit enjoys rights, the invested unit is the joint enterprise of the Company.

Significant impact refers to the power of participation in the financial and operating decision of an enterprise, without control or common control with other parties on these decisions. In case of exerting significant impact on the invested unit, the invested unit is the associated enterprise of the Company.

2 Determination of initial investment cost

- (1) Merger of companies under the same 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 investment 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.

Merger not under the same 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) In case of long term equity investment paid by cash, the actually paid amount will be determined as the initial investment cost.

In case of long term equity investment made by offering equity securities, fair value of the securities offered will be determined as the initial investment cost.

Fair value of the surrendered asset and related taxes and expenses payable are determined as the initial investment cost of the received long term equity investment resulting from non-currency asset swap, provided that the non-currency asset swap is commercial and fair value of the received or surrendered asset is credibly measurable, unless there is clear evidence proving that fair value of received asset is more credible. With respect to non-currency asset swap other than the one mentioned above, book value of the surrendered asset and expenses and fees payable are determined as the initial investment cost of the long term equity investment.

The initial investment cost of the long term equity investment resulting from debt restructuring is determined based on its fair value.

3 Follow-up measurement and profit and loss determination

- (1) Long term equity investment calculated based on the cost method
Long term equity investment to subsidiaries is calculated based on the cost method. The Company determines invest profit of the current period based on the cash dividends or profits claimed to be offered by the invested company, except cash dividends or profits which are claimed but not offered yet included in the actual payment or consideration when investing.
- (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. When the initial cost of investment is greater than the investment, the difference of identifiable fair value of the investee's net assets profit or loss should be allowed, and the initial cost of investment of long-term equity investment should not be adjusted; when the initial cost of investment is less than the investment, the investee should be allowed to identify the difference of the fair value of net assets, and be included in the current profit and loss.

The company should recognize investment income and other comprehensive income consequently in accordance with its share of net profit or loss and other comprehensive income from the investee, and adjust the carrying value of long-term equity investment; the carrying value of the long-term equity investment should be reduced in accordance with the share of the investee's profit or cash dividend; for the investee, except for net profit or loss, other comprehensive income and profit distribution, other changes in equity should led to the adjustment of the carrying value of long-term equity investment and be included in the 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*,.

The processing steps should be followed when the losses incurred by the investee are shared by the company. First, reduce the book value of long-term equity investment. Second, investment losses with the limit of some other long-term receivable book value should be continued to confirm if the book value of long-term equity investment is not sufficient to offset, in order to reduce the receivable book value of long-term equity investment. Finally, after the above treatment, the liability should be anticipated in accordance with the estimate obligation if it is stated in the investment contract or agreement that the company bears additional obligations and it should be should be included in the current profit or loss

(3) Treatment to long-term equity investment

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 property

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 conditions****1. Recognition conditions of fixed assets**

Fixed assets refer to tangible assets held for the production of goods, rendering of service, rental or management, and service life of which is more than one fiscal year. Fixed assets should be recognized when they meet the following conditions:

- (1) The economic benefits associated with the fixed assets are likely to flow to the enterprise;
- (2) The cost of the fixed asset can be measured reliably.

(2) Depreciation method

Fixed assets should be depreciated with the straight line method, which means depreciation rate is determined by the class of fixed assets, estimated service life and residual rate. If the components of fixed assets are of different service life or provide economic benefits for the enterprise in different ways, then different depreciation rates or methods should be applied for depreciation.

Fixed assets under finance lease which are able to acquire ownership of the leased assets at the end of the lease term, should be depreciated during the remaining service life of the leased assets. Otherwise, they should be depreciated in the shorter period between the lease term and the remaining service life.

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

Category	Depreciation method	Depreciation period(year)	Residual rate(%)	Annual depreciation rate(%)
Houses and buildings	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
Others	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. Pricing method of intangible assets**

- (1) 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.

- (2) Follow-up 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	Predicted Service Life	Bases
Land use right	50-70 years	Land transfer contract
Software, system, license fee	3-10 years	Predicted service life of purchase contract and agreement
Proprietary technology	3-10 years	Predicted 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 predictions.

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:

- (1) They are sourced from contractual rights or other legal rights, but the service term is not specified in the contract or legal regulations;
- (2) 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.

4. Specific standard to distinguish the research stage and the development stage

The expenditure for internal R&D expenditures of the company are divided into expenditure at the research stage and expenditure 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.

5. 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:

- (1) Complete the intangible assets to make the use or selling of them technically feasible;
- (2) Have the intent to complete the intangible assets and use or sell them;
- (3) The method for intangible assets to incur economic benefits includes the possibility to prove that there is a market for the products produced with this intangible assets or there is a market for intangible assets themselves. The intangible assets will be used within the company to prove its usability;

- (4) 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;
- (5) Expenditure 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-lived asset impairment

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, the asset group 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 methods 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 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 methods of after departure

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 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.

(3) Accounting treatment methods 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.

The 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 Revenue

1. Revenue recognition and accounting principle of commodities sold

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 income 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 flown 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. Provision of labor service

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 flown 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. Right to use assets transferred

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

25. Governmental 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.

26. Deferred income tax assets/deferred income tax liabilities

For Deferred income tax assets confirmed by deductible temporary difference, shall be within the limit of taxable income to be obtained in the future that can be used for deducting deductible temporary difference. For deductible losses and tax credits that can be carried forward in the coming years, shall be within the limit of taxable income to be obtained in the future that can be used for deducting deductible losses and tax credits, and confirm corresponding deferred income tax assets.

For taxable temporary differences, except under special circumstances, shall confirm deferred income tax liabilities.

The special circumstances of deferred income tax assets/deferred income tax liabilities unconfirmed: Initial recognition of goodwill, except in case of business merger, other transactions or matters that wouldn't affect accounting profit and taxable income (or deductible losses).

When having legal rights for settling at a net figure, and with the intent of settling at a net figure or acquiring assets, satisfying the liabilities at the same time, the net amounts of income tax assets or income tax liabilities in current period with deduction shall be presented.

When having legal rights for settling income tax assets or income tax liabilities at a net figure in current period, deferred income tax assets and liabilities are related to income tax collected by the same taxation department on same taxpayer or on different taxpayer, but during the coming periods carried forward by each important deferred income tax assets and liabilities, the taxpayers involved shall have intent on settling current assets and liabilities at a net figure or meanwhile acquiring assets, satisfying the liabilities, the net amounts of deferred income tax assets and liabilities with deduction shall be presented.

27. Leasing**(1). Accounting treatment for 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 for financial leasing

- (1) Assets under financing 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.

28. Change in significant accounting policies and accounting estimates**(1) Change in significant accounting policies**

☒Applicable ☐Inapplicable

The Company had executed the following new accounting standards for business enterprises and their amendment issued in 2014:

Accounting Standard for Business Enterprises: Basic Standard (amendment),

Accounting Standard for Business Enterprises No. 2 - Long-term Equity Investment (amendment),

Accounting Standard for Business Enterprises No. 9 - Payroll (amendment),

Accounting Standard for Business Enterprises No. 30 - Presentation of Financial Statements (amendment),

Accounting Standard for Business Enterprises No. 33 - Consolidated Financial Statements (amendment),

Accounting Standard for Business Enterprises No. 37 - Presentation of Financial Instruments (amendment),

Accounting Standard for Business Enterprises No. 39 - Fair Value Measurements (amendment),

Accounting Standard for Business Enterprises No. 40 – Joint Operation Arrangement (amendment),

Accounting Standard for Business Enterprises No. 41 – Disclosure of Interests in Other Entities (amendment),

The main effect of the Company executes the above standards is as follows:

- (1) According to the *Accounting Standard for Business Enterprises No. 2 - Long-term Equity Investment (amendment)*, *Accounting Standard for Business Enterprises No. 37 - Presentation of Financial Instruments (amendment)*, and *Accounting Standard for Business Enterprises No. 30 - Presentation of Financial Statements (amendment)*, the Company classified the investment that the Company had no common control or significant influence to the investee and that it has no offer in active market and the fair value cannot be measured reliably from the long-term equity investment to the accounting of Available-for-sale financial assets and the retroactive adjustment was executed.

Main effect of above retroactive adjustment on the current and previous statements is as follows:

Jan. 1, 2014/FY 2013	Balance before accounting policies changed	Amount adjusted when accounting policies changed	Balance after accounting policies changed
Long-term equity investments	214,290,466.67	-18,053,400.00	196,237,066.67
Available-for-sale financial assets		18,053,400.00	18,053,400.00

Continued table

Jan. 1, 2013/FY 2012	Balance before accounting policies changed	Amount adjusted when accounting policies changed	Balance after accounting policies changed
Long-term equity investments	157,321,275.62	-5,000,000.00	152,321,275.62
Available-for-sale financial assets		5,000,000.00	5,000,000.00

- (2) According to the *No. 30 - Presentation of Financial Statements (amendment)*, the Company classified the deferred income which was formerly presented in the other non-current liabilities to the deferred income accounting and the translation reserve which was formerly under the owner's equity item to the other comprehensive income and the retroactive adjustment was executed.

Main effect of above retroactive adjustment on the current and previous statements is as follows:

Jan. 1, 2014/FY 2013	Balance before accounting policies changed	Amount adjusted when accounting policies changed	Balance after accounting policies changed
Deferred income		239,363,746.98	239,363,746.98
Other non-current liabilities	239,363,746.98	-239,363,746.98	
Other comprehensive income		-2,031,074.52	-2,031,074.52
Balance arising from the translation of foreign currency statements	-2,031,074.52	2,031,074.52	

Continued table

Jan. 1, 2013/FY 2012	Balance before accounting policies changed	Amount adjusted when accounting policies changed	Balance after accounting policies changed
Deferred income		264,320,387.13	264,320,387.13
Other non-current liabilities	264,320,387.13	-264,320,387.13	
Other comprehensive income		-1,689,345.30	-1,689,345.30
Balance arising from the translation of foreign currency statements	-1,689,345.30	1,689,345.30	

- (3) Execution of *Accounting Standard for Business Enterprises No. 9 - Payroll (amendment)*, *Accounting Standard for Business Enterprises No. 33 - Consolidated Financial Statements (amendment)*, *Accounting Standard for Business Enterprises No. 39 - Fair Value Measurements (amendment)*, *Accounting Standard for Business Enterprises No. 40 - Jointly Operation Arrangement (amendment)*, *Accounting Standard for Business Enterprises No. 41 - Disclosure of Interests in Other Entities (amendment)*:

The relevant businesses and items of payroll, combined financial statements, fair value measurement, joint operation arrangement, interest in other entities in the financial statements of the years of 2013 and 2014, the Company had executed the accounting and the disclosure according to the above standards; the execution of new standards would not effect the amount of the items in the financial statements of the years of 2013 and 2014.

(2) **Change in significant accounting estimate**

The significant accounting estimate in the reporting period of the Company did not change.

IV. Tax

1. **Major tax categories and tax rate**

tax categories	Taxiation 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
Business tax	Levied on taxable operation revenue	5.00, 3.00
Urban maintenance and construction tax	Levied on actually paid business tax, value added tax and consumer tax	1.00, 5.00, 7.00
Educational surtax	Amount of payable value-added tax and business tax	5.00
Enterprise income tax	Levied on payable income tax	10.00, 12.50, 15.00, 16.50, 25.00

1. Urban construction tax: tax rate of 5% is applicable to Xinhua Ruide (Beijing) Network Science and Technology 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 (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 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, this company 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 May 24, 2012 with No. GF201211000385, enjoying preferential policies for enterprise income tax of high and new technology enterprise for 3 years from 2012, 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 Oct. 22, 2012 with No. GF201261000261, enjoying preferential policies for enterprise income tax of high and new technology enterprise for 3 years from 2012, with preferential tax rate of corporate income tax at 15%.
 - 3. Xinhua Reader (Beijing) Network 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, Xinhua Ruide (Beijing) Network Technology Co., Ltd. obtained a certificate of high and new technology enterprise on Dec. 12, 2012 with No. GF201211000404, enjoys preferential policies for enterprise income tax of high and new technology enterprise for 3 years from 2012, with preferential tax rate of corporate income tax at 15%.
 - 4. 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 Oct. 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%.

Datang Microelectronics Technology Co., Ltd. passed the re-supervision and obtained a certificate of IC design enterprise covered by state planning layout jointly issued by National Development and Reform Commission, Ministry of Industry and Information Technology, Ministry of Finance, Ministry of Commerce and State Administration of Taxation, with certificate number J-2013-005, enjoying preferential tax rate of corporate income tax at 10% for 2013-2014 IC design enterprise covered by state planning layout.

5. Software 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, 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 Oct. 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%.

According to the *Notice of Affirming Key Software Enterprise Covered by State Planning Layout of 2013-2014* (FGGJ No. R-2013-033) jointly issued by National Development and Reform Commission, Ministry of Industry and Information Technology, Ministry of Finance, Ministry of Commerce and State Administration of Taxation, Datang Software Technologies Co., Ltd. was identified as “key software enterprise covered by state planning layout of 2013-2014”. according to the *Notice of Enterprise Income Tax Policy about Further Encouraging Software Industry and IC Enterprise* (Finance and Taxation [2012], No. 27), based on “the key software enterprise covered by state planning layout, not enjoyed tax free, can levied at a reduced tax rate of 10% in the same year”, the corporate income tax rate of Datang Software Technologies Co., Ltd. was 10% of 2013-2014.

6. Beijing Datang Smart Card 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 Smart Card 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 Oct. 30, 2014 with No. GR201411002047, 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%.

7. 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 Oct. 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%.

8. 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 Sept. 04, 2014 with No. GR201431000413, being taxed from the income tax by a reduction of 15% for 3 years from Septemeber 04, 2014 to Septemeber 03, 2017.

9. Shanghai Jingyou Communication Technology Co., Ltd.

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 Sept. 04, 2014 with No. GR201431000364, being taxed from the income tax by a reduction of 15% for 3 years from Septemeber 04, 2014 to Septemeber 03, 2017.

10. Datang (Tianjin) Terminals Manufacturing Co., Ltd.

Datang (Tianjin) Terminals Manufacturing 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 Shanghai Local Tax Bureau on Jun. 27, 2013 with No. GR201312000030, being levied the enterprise income tax by the rate of 15% for 3 years from taxable year of 2013.

11. Datang (Tianjin) Technical Service Co., Ltd.

Datang (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 Jun. 27, 2013 with No. GR201312000005, being taxed from the income tax by a reduction of 15% for 3 years from Jun. 27, 2013 to Jun. 26, 2016.

12. 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 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 Jan. 2011 to Dec. 2012; the income tax is levied by half for 3 years from Jan. 2013 to Dec. 2015, with the preferential tax rate of enterprise income tax at 12.5%.

13. 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 2014 with No. GF201231000454, being levied the enterprise income tax by the rate of 15% for 3 years.

Leadcore Technology Co., Ltd. was jointly and formly identified as an IC design enterprise covered by 2013-2014 state planning layout by National Development and Reform Commission, Ministry of Industry and Information Technology, Ministry of Finance, Ministry of Commerce and State Administration of Taxation (*Certificate of IC Design Enterprise Covered by State Planning Layout: J-2013-022*); according to *Notice of Enterprise Income Tax Policy about Further Encouraging Software Industry and IC Enterprise* (Finance and Taxation [2012], No.27), based on “the IC enterprise covered by state planning layout, not enjoyed tax free can levied at a reduced tax rate of 10% in the same year”, the corporate income tax rate of Leadcore Technology Co., Ltd. was 10% of 2014.

14. 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 Aug. 05, 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%.

15. 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*, CS (2010) No. 110, issued by Ministry of Finance and State Administration of Taxation in Dec., 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; it was exempted from the corporate income tax from 2013 to 2015 and will pay the tax at a preferential rate of 12.5% from 2016 to 2018.

16. Guangzhou Yaowan Recreation Network Technology Co., Ltd

According to the *Identified Management Method for High-tech Enterprises* and *Guide for Identified Management for High-tech Enterprises* jointly issued and printed by Ministry of Science and Technology, Ministry of Finance and State Administration Taxation, Guangzhou Yaowan Recreation Network Technology Co., Ltd is officially entitled as High-tech Enterprise (*Certificate of High-tech Enterprise*: GR201244000764) by Guangdong Provincial Department of Science and Technology in 2012, and enjoys tax preferences of 15% for High-tech enterprise from 2012 for three years.

17. Shanghai Yaowan Recreation Network Technology Co., Ltd

Shanghai Yaowan Recreation 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, 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%.

18. Wuxi Yaowan Recreation Network Technology Co., Ltd

Approved by Jiangsu Economic and Information Technology Commission on December 26th, 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.

19. 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 Nov. 13th, 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.

V Note of items in combined financial statement

1. Cash and cash equivalents

Unit: Yuan Currency: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Cash holdings	164,492.76	667,552.97
Bank deposit	1,540,675,807.83	1,174,896,805.55
Other monetary resources	283,607,246.06	182,479,116.89
Total	1,824,447,546.65	1,358,043,475.41

In which, the detail of limited monetary resources is as follows:

Item	Balance at the end of the period	Year-beginning balance
Cash deposit of bank's acceptance bill	114,510,447.37	105,706,061.33
L/C deposits	39,715,575.74	9,635,882.98
Performance bond	138,000.00	3,459,017.49
Fixed deposit or call deposit used for guarantee	42,758,000.00	6,380,000.00
Deposit for L/G	38,471,684.02	9,113,797.77
Total	235,593,707.13	134,294,759.57

2. Notes receivable

(1). Classification of notes receivable

Unit: Yuan Currency: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Bank's acceptance bill	103,454,652.92	19,401,244.50
Trade acceptance bill	713,923,408.30	229,214,393.00
Total	817,378,061.22	248,615,637.50

(2). notes receivable endorsed by company on the end of period or has been discounted and balance sheet has not become due yet:

Unit: Yuan Currency: RMB

Item	Ending confirmed amount	Ending unconfirmed amount
Bank's acceptance bill	50,181,423.28	
Trade acceptance bill	564,002.00	44,102,039.00
Total	50,745,425.28	44,102,039.00

3. Accounts receivables

(1). Release of classification of accounts receivable

Unit: Yuan Currency: RMB

Category	Balance at the end of the period				Book value
	Book balance		Allowance for bad debts		
	Amount	Percentage (%)	Amount	Withdrawing proportion (%)	
1. Receivables with significant single amount and individual withdrawal of Allowance for bad debts					
2. Receivables with withdrawal of Allowance for bad debts according to portfolio of credit risk characteristics					
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					

Category	Balance at the end of the period				Book value
	Book balance		Allowance for bad debts		
	Amount	Percentage (%)	Amount	Withdrawing proportion (%)	
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
Subtotal of portfolio	4,195,675,327.52	99.18	369,165,607.16		3,826,509,720.36
3. Receivables with non-significant single amount and individual withdrawal of Allowance 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		388,954,620.27		3,841,428,226.36

Category	Year-beginning balance				Book value
	Book balance		Allowance for bad debts		
	Amount	Percentage (%)	Amount	Withdrawing proportion (%)	
1. Receivables with significant single amount and individual withdrawal of Allowance for bad debts					
2. Receivables with withdrawal of Allowance for bad debts according to portfolio of credit risk characteristics					
Portfolio 1: with significant single amount and low portfolio risk	1,275,453,644.82	27.51	17,218,631.84	1.35	1,258,235,012.98
Portfolio 2: with non-significant single amount and low portfolio risk					
Portfolio 3: with high portfolio risk	3,353,027,771.77	72.34	295,679,206.34	8.82	3,057,348,565.43
Subtotal of portfolio	4,628,481,416.59	99.85	312,897,838.18		4,315,583,578.41
3. Receivables with non-significant single amount and individual withdrawal of Allowance for bad debts	6,844,873.46	0.15	6,844,873.46	100.00	
Total	4,635,326,290.05		319,742,711.64		4,315,583,578.41

Ending accounts receivable with significant amount in individual item and individual provision allowance for bad debts

☐ Applicable ☒ Not applicable

In the combination, Receivables with withdrawal of Allowance for bad debts according to Aging analysis methods

☐ Applicable ☒ Not applicable

Unit: Yuan Currency: RMB

Aging	Balance at the end of the period		
	Receivables	Allowance for bad debts	Withdrawing proportion
Within 1 year (including 1 year)	2,593,572,020.47	12,978,134.54	0.50
1-2 years (including 2 years)	783,059,394.68	15,661,187.89	2.00
2-3 years (including 3 years)	383,605,465.99	19,180,273.30	5.00
3-4 years (including 4 years)	122,198,828.98	36,659,648.69	30.00
4-5 years (including 5 years)	57,106,509.32	28,553,254.66	50.00
More than 5 years	256,133,108.08	256,133,108.08	100.00
Total	4,195,675,327.52	369,165,607.16	

In the combination, the accounts receivable adopting percentage method for provision allowance for bad debt:

☐ Applicable ☒ Not applicable

Ending Receivables with non-significant single amount and individual withdrawal of Allowance for bad debts

Receivables (based on unit)	Balance at the end of the period			
	Receivables	Allowance for bad debts	Withdrawing proportion (%)	Withdrawing reason
More than 5 years	4,870,507.11	4,870,507.11	100.00	Over 5 years, not likely to be collectible
Tianjing Lantian Power, Co., Ltd	29,837,012.00	14,918,506.00	50.00	Involved in legal action, won in the first instance
Total	34,707,519.11	19,789,013.11		

- (2) Allowance for bad debts of withdrawal, recovery or reserving in current period
The amount of provision for bad debt in this period is RMB 78,892,796.17; the amount of bad debt provision reduces RMB 9,680,887.54 due to the change of amalgamation scope.

- (3) Receivables of top five ending balances collected according to borrowers

Unit: Yuan Currency: RMB

Unit Name	Balance at the end of the period		
	Receivables	Proportion (%) in total Receivables	Allowance for bad debts
No. 1	290,388,750.00	6.87	1,511,943.75
No. 2	154,529,619.01	3.65	7,726,480.95
No. 3	153,682,080.00	3.63	768,410.40
No. 4	141,837,588.00	3.35	709,187.94
No. 5	127,800,000.00	3.02	2,556,000.00
Total	868,238,037.01	20.52	13,272,023.04

4. Advances to suppliers

- (1). List advances to suppliers according to account receivable age

Unit: Yuan Currency: RMB

Aging	Balance at the end of the period		Balance at the beginning of the period	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	370,758,305.87	59.52	373,314,334.78	60.54
1 to 2 years	43,335,382.86	6.96	70,184,248.88	11.38
2 to 3 years	50,186,002.03	8.06	169,437,695.17	27.48
More than 3 years	158,618,421.77	25.46	3,754,871.06	0.60
Total	622,898,112.53	100.00	616,691,149.89	100.00

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

Unit: Yuan Currency: RMB

Advances to suppliers to	Year end balance	Nature of fund	Reason for unbalance
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 house	Contracts not completed
Total	184,340,640.00		

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

Unit: Yuan Currency: RMB

Advances to suppliers to	Balance at the end of the period	Proportion of total amount of ending balance of advances to suppliers
No. 1	123,616,640.00	18.97
No. 2	60,724,000.00	9.32
No. 3	34,020,300.00	5.22
No. 4	31,193,134.98	4.79
No. 5	30,613,854.00	4.70
Total	280,167,928.98	43.00

5. Dividends receivable

(1) Dividends receivable

Unit: Yuan Currency: RMB

Project (or invested company)	Balance at the end of the period	Balance at the beginning of the period
Datang High-tech Venture Capital Investment Co., Ltd Datang High-tech Venture Capital Co., Ltd		111,731.12
Chengdu Datang Cable Co., Ltd Chengdu Datang Cable Co., Ltd	2,612,662.58	
Total	2,612,662.58	111,731.12

6. Other receivables

(1). Release of classification of other receivables

Unit: Yuan Currency: RMB

Types	Balance at the end of the period				
	Book balance		Allowance for bad debts		Book value
	Amount	Proportion (%)	Amount	Provision proportion (%)	
1. accounts receivable with significant amount in individual item and individual provision allowance for bad debts					
2. account receivable of provision for bad debt according to credit risks and characters combination.					
Combination 1: single significant amount with little risk in combination	78,640,528.82	23.68	1,120,465.06	1.42	77,520,063.76
Combination 2: single insignificant amount with little risk in combination					
Combination 3: large risk in combination	190,026,796.39	57.21	23,300,792.21	12.26	166,726,004.18
Subtotal of portfolio	268,667,325.21	80.89	24,421,257.27		244,246,067.94
3 accounts receivable of single insignificant amount but individual provision for bad debt 单	63,451,950.31	19.11	63,451,950.31	100.00	
Total	332,119,275.52		87,873,207.58		244,246,067.94

Types	Year-beginning balance				
	Book balance		Allowance for bad debts		Book value
	Amount	Percentage (%)	Amount	Withdrawing proportion (%)	
1. Receivables with significant single amount and individual withdrawal of Allowance for bad debts					
2. Receivables with withdrawal of Allowance for bad debts according to portfolio of credit risk characteristics					
Portfolio 1: with significant single amount and low portfolio risk	78,017,450.81	25.94	1,311,464.17	1.68	76,705,986.64
Portfolio 2: with non-significant single amount and low portfolio risk					
Portfolio 3: with high portfolio risk	159,209,579.12	52.95	17,877,754.96	11.23	141,331,824.16
Subtotal of portfolio	237,227,029.93	78.89	19,189,219.13		218,037,810.80
3. Receivables with non-significant single amount and individual withdrawal of Allowance for bad debts	63,477,963.64	21.11	63,477,963.64	100.00	
Total	300,704,993.57		82,667,182.77		218,037,810.80

In portfolios, other receivables with Allowance for bad debts withdrawn by Aging analysis methods

Unit: Yuan Currency: RMB

Aging	Balance at the end of the period		
	Other receivables	Allowance for bad debts	Withdrawing proportion
Within 1 year (including 1 year)	148,068,418.60	733,322.14	0.50
1 to 2 years (including 2 years)	79,646,557.04	1,592,931.14	2.00
2 to 3 years (including 3 years)	8,002,178.86	400,108.94	5.00
3 to 4 years (including 4 years)	12,400,851.43	3,720,255.43	30.00
4 to 5 years (including 5 years)	5,149,359.33	2,574,679.67	50.00
More than 5 years	15,399,959.95	15,399,959.95	100.00
Total	268,667,325.21	24,421,257.27	

Other Receivables with non-significant single amount and individual withdrawal of Allowance for bad debts

Unit: Yuan Currency: RMB

Other Receivables (based on units)	Balance at the end of the period			
	Other receivables	Allowance for bad debts	Provision proportion (%)	Withdrawing reason
Amount for over 5	63,451,950.31	63,451,950.31	100.00	No likely to be collectible
Total	63,451,950.31	63,451,950.31		

- (2) Allowance for bad debts of withdrawal, recovery or reserving in current period
The current provision for bad debt is RMB 5,208,789.52; the amount of bad debt provision reduces RMB 2,764.71 due to the change of amalgamation scope.

(3) Categories of nature of other receivables

Unit: Yuan Currency: RMB

Nature of fund	Ending book balance	Beginning balance
Current account	28,546,131.55	22,679,788.53
Guarantee	177,001,413.09	160,113,280.75
Businesss funds	30,456,976.06	29,933,161.70
Bad claim (full amount provision for bad debt)	46,533,119.99	46,533,119.99
Withholding social security and public accumulation funds	1,090,723.33	174,905.98
Income tax of the accrued trade in allowance	10,555,415.29	134,449.92
Equity disposal fund	15,925,000.00	15,925,000.00
Suspense payment	9,286,272.55	6,867,176.98
Deposit	2,409,113.25	4,094,474.50
Other	10,315,110.41	14,249,635.22
Total	332,119,275.52	300,704,993.57

(4) Other Receivables of top five ending balances collected according to borrowers

Unit: Yuan Currency: RMB

Unit Name	Nature of fund	Balance at the end of the period	Aging	Proportion (%) in total other receivables	Allowance for bad debts Balance at the end of the period
No. 1	Guarantee	28,000,000.00	1-2 years	8.44	560,000.00
No. 2	Guarantee	20,600,000.00	Within 1 year	6.20	103,000.00
No. 3	Equity disposal fund	15,925,000.00	1-2 years	4.79	318,500.00
No. 4	Intercourse funds	7,159,279.82	Within 4 years	2.16	104,183.81
No. 5	Guarantee	6,956,249.00	Within 1 year	2.09	34,781.25
Total	/	78,640,528.82	/	23.68	1,120,465.06

7. Inventory

(1). Classification of inventory

Unit: Yuan Currency: RMB

Item	Balance at the end of the period			Year-beginning balance		
	Book balance	Falling price reserves	Book value	Book balance	Falling price reserves	Book value
Raw materials	759,726,472.52	103,296,572.24	656,429,900.28	499,927,127.63	102,581,695.58	397,345,432.05
Goods in transporation	126,259.43		126,259.43	782,106.08		782,106.08
Revolving materials	10,263,385.27	533,345.21	9,730,040.06	9,407,290.95	525,176.51	8,882,114.44
Consigned processing materials	1,434,065.61	1,415,100.23	18,965.38	1,458,366.21	1,415,100.23	43,265.98
Goods in process	276,371,898.17	111,220,564.75	165,151,333.42	183,152,199.98	110,620,800.74	72,531,399.24
Merchandise inventory	1,036,380,770.06	102,672,353.74	933,708,416.32	989,242,183.77	91,192,675.31	898,049,508.46
Other	27,175,762.60		27,175,762.60	45,837,489.50		45,837,489.50
	2,111,478,613.6		1,792,340,677.4	1,729,806,764.1		1,423,471,315.
Total	6	319,137,936.17	9	2	306,335,448.37	75

(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	Other	Send back or write off	Other	
Raw materials	102,581,695.58	3,471,033.38		2,756,156.72		103,296,572.24
Revolving materials	525,176.51	8,168.70				533,345.21
Consigned processing materials	1,415,100.23					1,415,100.23
Goods in process	110,620,800.74	604,698.10		4,934.09		111,220,564.75
Merchandise inventory	91,192,675.31	14,715,484.79		3,235,806.36		102,672,353.74
Total	306,335,448.37	18,799,384.97		5,996,897.17		319,137,936.17

8. Other current assets

Unit: Yuan Currency: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Financial products from bank	50,000,000.00	
Total	50,000,000.00	

Other remarks

9. Available-for-sale financial assets

(1). 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	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Debt instrument available for sale;						
Equity instrument available for sale;	53,143,748.75		53,143,748.75	18,053,400.00		18,053,400.00
Fair value measurement						
Cost measurement	53,143,748.75		53,143,748.75	18,053,400.00		18,053,400.00
Total	53,143,748.75		53,143,748.75	18,053,400.00		18,053,400.00

(2). Ending available-for-sale financial assets according to cost measurement

Invested company	Book balance				Depreciation reserves				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 Hi-Tech Venture Capital Co., Ltd.		25,114,476.21		25,114,476.21					15.17	
Total	18,053,400.00	35,090,348.75		53,143,748.75					/	

10. Long-term receivables

(1) Long-term receivables

Unit: Yuan Currency: RMB

Item	Balance at the end of the period	Year-beginning balance
Goods on instalment sales	20,449,976.61	35,908,546.84
Total	20,449,976.61	35,908,546.84

11. Long-term equity investments

Unit: Yuan Currency: RMB

Investee	Year-beginning balance	Increase or decrease in current period							Balance at the end of the period	Depreciation reserves with drawn in current period	Depreciation reserves Balance 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 declared for distribution Dividends or profits	Other			
Associates											
Datang High-tech Venture Capital Co., Ltd.	22,463,853.87			92,896.82				-22,556,750.69			
Datang (Tianjin) Science and Technology Industrial Park Co., Ltd.	45,573,478.84			-11,457,125.26					34,116,353.58		
Datang Chengdu Cable Co.	71,631,151.65			7,101,582.45			2,612,662.58		76,120,071.52		

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Investee	Year-beginning balance	Increase or decrease in current period							Balance at the end of the period	Depreciation reserves with drawn in current period	Depreciation reserves Balance 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 declared for distribution Dividends or profits	Other			
Beijing Datang Science and Technology Development Co., Ltd.	8,471,953.91			-284,887.70					8,187,066.21		
Datang Investment Co., Ltd.	42,969,329.00			1,852,780.71					44,822,109.71		
Xi'an Datang Monitoring Technology Co., Ltd.		44,688,100.86		-6,424,201.58				-7,696,296.66	30,567,602.62		
Nanjing Yunke Equity Investment Fund Management Co., Ltd.		4,000,000.00		18,850.40					4,018,850.40		
Guangzhou Rising Micro Electronics Co., Ltd.	5,127,299.40			-5,127,299.40							
Datang Yingjia (Beijing) Mobile Technology Co., Ltd.		1,000,000.00		1,325.00					1,001,325.00		
Xinhua Haimeng (Tianjin) Technology Co., Ltd.		19,000,000.00							19,000,000.00		
Total	196,237,066.67	68,688,100.86		-14,226,078.56			2,612,662.58	-30,253,047.35	217,833,379.04		

12. Fixed assets**(1) Fixed Assets**

Unit: Yuan Currency: RMB

Item	Houses and buildings	Transportation equipment	General equipment	Special equipment	Instruments	Others	Total
1. Original book value							
(1) Year-beginning balance	514,424,279.21	15,202,845.86	389,495,765.46	250,097,391.63	200,104,388.97	73,698,289.43	1,443,022,960.56
(2) Increased amount in current period	50,994,406.83	3,665,013.64	47,607,370.45	6,707,559.01	8,972,919.40	30,621,179.77	148,568,449.10
—Purchasing	50,994,406.83	3,311,189.97	47,607,370.45	6,707,559.01	8,972,919.40	8,343,367.80	125,936,813.46
—Increase of business combination		353,823.67				22,277,811.97	22,631,635.64
(3) Decreased amount in current period		1,519,225.54	5,643,054.54	23,954,777.46	24,463,573.19	2,095,255.56	57,675,886.29
—Disposal or retirement		1,519,225.54	5,643,054.54	23,954,777.46	24,463,573.19	2,095,255.56	57,675,886.29
(4) Balance at the end 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. Accumulative depreciation							
(1) Year-beginning balance	57,016,682.55	12,473,014.62	220,557,318.33	155,025,660.11	128,944,419.05	39,595,175.83	613,612,270.49
(2) Increased amount in current period	14,903,592.65	2,905,629.58	30,386,234.21	15,309,925.37	12,249,663.12	13,676,339.94	89,431,384.87
—Withdrawing	14,903,592.65	2,623,932.92	30,386,234.21	15,309,925.37	12,249,663.12	7,564,836.35	83,038,184.62
—Increase of business combination		281,696.66				6,111,503.59	6,393,200.25
(3) Decreased amount in current period		1,367,710.77	5,125,317.29	20,862,181.87	20,559,245.21	1,760,803.28	49,675,258.42
—Disposal or retirement		1,367,710.77	5,125,317.29	20,862,181.87	20,559,245.21	1,760,803.28	49,675,258.42
(4) Balance at the end 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
3. Depreciation reserves							
(1) Year-beginning balance		1,080.20	59,131.26	522,508.62	4,526,292.45	20,798,535.22	25,907,547.75
(2) Increased amount in current period							
—Withdrawing							
(3) Decreased amount in current period		1,080.20	44,690.06	470,394.91	3,779,169.84	173,348.61	4,468,683.62
—Disposal or retirement		1,080.20	44,690.06	470,394.91	3,779,169.84	173,348.61	4,468,683.62
(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
4. Book value							
(1) Book value at the end 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
(2) Year-beginning book value	457,407,596.66	2,728,751.04	168,879,315.87	94,549,222.90	66,633,677.47	13,304,578.38	803,503,142.32

13. Construction in progress**(1). Construction in Progress(CIP)**

Unit: Yuan Currency: RMB

Item	Balance at the end of the period			Balance at the beginning of the period		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Third phase of Yongfeng Project	108,090,181.81		108,090,181.81	18,512,160.48		18,512,160.48
Renovation Project of Lighting System for Nanchong Central Hospital	673,395.00		673,395.00			
ERP Project	464,500.00		464,500.00			
Total	109,228,076.81		109,228,076.81	18,512,160.48		18,512,160.48

(2). Changes in Important CIP

Unit: Yuan Currency: RMB

Project name	Budget	Year-beginning balance	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	Capitalization of Interest in Current period	Capitalization Rate of Interest in Current period (%)	Capital Source
Third phase of Yongfeng Project	564,552,100.00	18,512,160.48	89,578,021.33			108,090,181.81	19.15	45.00	1,406,332.01	1,406,332.01	6.40	Loan & Self-raised Funds
Renovation Project of Lighting System for Nanchong Central Hospital	1,073,300.00		673,395.00			673,395.00	62.74	63.00				Self-raised
ERP Project	1,860,000.00		464,500.00			464,500.00	24.97	25.00				Self-raised
Total		18,512,160.48	90,715,916.33			109,228,076.81			1,406,332.01	1,406,332.01		

14. Intangible assets**(1). Intangible Assets**

Unit: Yuan Currency: RMB

Item	Land use right	Software, system, license fee	Proprietary technology	Total
1. Original book value				
(1) Year-beginning balance	126,519,726.17	579,256,909.42	1,183,500,700.15	1,889,277,335.74
(2) Increased amount in current period		460,700,815.52	384,735,646.17	845,436,461.69

Item	Land use right	Software, system, license fee	Proprietary technology	Total
—Purchasing		299,179,176.99	113,485,645.39	412,664,822.38
—Inner R&D		56,107,798.04	271,250,000.78	327,357,798.82
—Increase of business combination		105,413,840.49		105,413,840.49
(3) Decreased amount in current period		5,059,497.38	324,494,777.56	329,554,274.94
—Disposal		5,059,497.38	324,494,777.56	329,554,274.94
(4) Balance at the end of the period	126,519,726.17	1,034,898,227.56	1,243,741,568.76	2,405,159,522.49
2. Accumulated Amortization				
(1) Year-beginning balance	3,878,516.92	322,113,155.64	533,543,352.46	859,535,025.02
(2) Increased amount in current period	2,530,394.52	175,358,829.43	203,451,126.68	381,340,350.63
—Withdrawing	2,530,394.52	158,236,546.91	203,451,126.68	364,218,068.11
—Increase of business combination		17,122,282.52		17,122,282.52
(3) Decreased amount in current period		1,324,718.51	170,553,017.72	171,877,736.23
—Disposal		1,324,718.51	170,553,017.72	171,877,736.23
(4) Balance at the end of the period	6,408,911.44	496,147,266.56	566,441,461.42	1,068,997,639.42
3. Depreciation reserves				
(1) Year-beginning balance				
(2) Increased amount in current period				
—Withdrawing				
(3) Decreased amount in current period				
—Disposal				
(4) Balance at the end of the period				
4. Book value				
(1) Book value at the end of the period	120,110,814.73	538,750,961.00	677,300,107.34	1,336,161,883.07
(2) Year-beginning book value	122,641,209.25	257,143,753.78	649,957,347.69	1,029,742,310.72

15. Development Investment

Unit: Yuan Currency: RMB

Item	Year-beginning balance	Increased amount in current period		Reduced amount in current period			Balance at the end of the period
		Inner Developm ent Investment	Other	Confirmed Intangible Assets	Accounted into Profit and Loss in Current period	Other	
Game Software Development		20,346,991.79	25,183,301.08	9,200,737.83	11,777,593.23		24,551,961.81
Internet Business Capacity Support Platform R&D	6,886,528.77	370,538.36					7,257,067.13
General Resources Management System	2,443,631.38			2,443,631.38			
FAST ENOM V1.0 R&D	853,797.58	137,080.83		990,878.41			

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Item	Year-beginning balance	Increased amount in current period		Reduced amount in current period			Balance at the end of the period
		Inner Development Investment	Other	Confirmed Intangible Assets	Accounted into Profit and Loss in Current period	Other	
FAST Integrated Intelligent Webmaster V1.0	933,122.61	1,297,311.19					2,230,433.80
Integrated Resource Management System/Fast Resource V1.0 R&D	1,043,885.13	466,342.63		1,510,227.76			
City Service Management & CEP Network Support Software Platform V2.0 Project	7,674,872.22	704,790.70		8,379,662.92			
FAST Application R&D Project	1,603,705.45	1,478,222.83		3,081,928.28			
Billing System V1.0 R&D	1,591,005.87	20,955.70		1,611,961.57			
FAST Net Marketing System V2.0		1,566,291.00					1,566,291.00
FAST ENOM 3.0		1,238,338.27					1,238,338.27
City Service Management & CEP Network Support Software Platform V3.0 Project		14,106,248.76					14,106,248.76
Zhicheng Collaboration Platform for Enterprise V1.0	4,383,537.92			4,383,537.92			
Network Resource Cost System V1.0		14,076,965.41					14,076,965.41
FAST EOM V1.0 Project		8,889,937.20					8,889,937.20
Intelligent Greenhouse Farm Product & Cloud Service System		1,058,343.80					1,058,343.80
Zhicheng ERP Smart Application System V1.0	2,691,480.40			2,676,000.00			15,480.40
Terminal software development service		9,273,099.69					9,273,099.69
Special Phone for Industrial Terminals		2,630,046.48					2,630,046.48
Terminal software development service	15,712,340.93	60,393.54		7,836,755.78			7,935,978.69
General phone Terminals	3,449,359.03	97,738.24		3,477,484.06			69,613.21
WCDMA Wireless Communication System for Mineral Industry MA Reformation Design	351,428.53	2,564,619.76			95,975.33		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	7,589,190.20	2,563,150.95		8,490,221.53			1,662,119.62
Comprehensive video monitoring platform 2.0 development	2,632,903.19	1,557,507.57		2,632,903.19	1,557,507.57		
Broadband access product	6,009,142.21	5,084,570.05		10,781,211.68	312,500.58		
Education technology service platform (IME platform 1.0)		4,308,874.34					4,308,874.34
One-stop Cloud Platform	10,294,307.81	9,674,685.34					19,968,993.15

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Item	Year-beginning balance	Increased amount in current period		Reduced amount in current period			Balance at the end of the period
		Inner Development Investment	Other	Confirmed Intangible Assets	Accounted into Profit and Loss in Current period	Other	
Industry Application Incubation Project	154,756.77	8,896,339.91		154,756.77			8,896,339.91
Opinion Monitoring & Operation Support System V1.0	1,007,215.24			1,007,215.24			
Wearable Chip Development Platform		4,750,492.63			1,021,698.12		3,728,794.51
Chip Safety Platform		26,382,364.51			19,552,681.55		6,829,682.96
Access Product Project	8,390,404.87	3,628,934.66		11,060,233.95			959,105.58
City Service Management & CEP Network Support Software Platform Project	1,822,975.63	9,497,779.08		11,320,754.71			
IVS Project	2,547,169.81	59,568.77					2,606,738.58
Telematics Information Platform	853,219.64	186,490.33		853,219.64			186,490.33
Intelligent Greenhouse Project		6,677,778.49					6,677,778.49
Comprehensive video monitoring platform 2.0 development	196,806.56			196,806.56			
LTE Tri-mode Platform Technology Based on L1761 Platform	50,086,616.92	34,794,248.38				84,880,865.30	
TD-SCDMA Bi-mode Platform Technology Based on L1813 Platform	7,342,110.28	73,878,684.44				81,220,794.72	
HiP PMU+CODEC Technology Based on MODEM Platform	33,999,701.53	24,293,364.53				58,293,066.06	
LTE Five-Mode Software Technology Based on MODEM Platform, SDR Communication Speeder Technology, Speech Audio & Video Technology Based on MODEM Platform	3,799,442.91	95,709,199.64				99,508,642.55	
Chips & Solutions	292,742,202.20	205,348,575.30		150,926,636.03	63,008,369.42		284,155,772.05
Terminals & Solutions		23,190,405.54			23,190,405.54		
Payment Chips Development	38,743,404.77	35,839,122.94		48,488,674.08	73,518.20		26,020,335.43
General Products Development	8,599,127.20	4,109,839.77		10,599,414.08	20,691.00		2,088,861.89
E-card Chips Development	10,443,765.50	2,078,093.33		6,188,734.87	6,203.00		6,326,920.96
Smart Card Development	13,339,857.37			10,740,377.08	248,651.90		2,350,828.39
General Chips Products Development		14,790,784.21			14,790,784.21		
E-card Products Development		15,387,002.07			15,387,002.07		
Payment Products Development		17,972,577.52			17,972,577.52		
Equipment Development for Integration of Video Synchronization	2,641,910.75			2,641,910.75			

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Item	Year-beginning balance	Increased amount in current period		Reduced amount in current period			Balance at the end of the period
		Inner Development Investment	Other	Confirmed Intangible Assets	Accounted into Profit and Loss in Current period	Other	
P350 Integrated Equipment Development for Integration of Video Synchronization	2,730,509.32			2,730,509.32			
PTN Equipment Development	2,951,413.43			2,951,413.43			
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					1,705,508.04
SDH UNMP Development and Equipment Upgrading & Maintenance		1,040,975.06					1,040,975.06
Telcom Payment Card	2,867,026.94	10,402,496.81			4,258,170.90		9,011,352.85
Finance & Industry Application Card		14,151,748.52			122,490.64		14,029,257.88
Intelligent Card Solutions	4,485,566.94	2,105,114.63			2,061,865.61		4,528,815.96
Intelligent Mobile Terminal Based on QRD		23,360,570.55			19,666,581.48		3,693,989.07
General Mobile Intelligent Terminal		10,953,538.68			10,953,538.68		
Terminal software development service		4,035,661.74			3,915,659.52		120,002.22
Integration Software Development		5,229,131.25			5,229,131.25		
Gate Drive Chip Development		13,935,237.80			13,935,237.80		
Enterprise product life cycle management platform 1.0		616,198.91			616,198.91		
Zhicheng Enterprise Building Information System (EBIS)		890,168.02			890,168.02		
Enterprise product life cycle management platform 1.0		3,165,751.00			3,165,751.00		
BCIS Integrated Intelligent Oil Extraction Management System		535,843.70			535,843.70		
Mobile Phone Platform Development		12,849,213.19			12,849,213.19		
Education technology service platform (IME platform 1.0)		288,362.35			288,362.35		
Mobile Phone Mainboard Development		2,279,299.83			2,279,299.83		
APP Development		6,053,835.68			6,053,835.68		
Security Prevention Monitoring System Development		2,843,248.00			2,843,248.00		
Broadband access product		250,015.78			250,015.78		
On-board Wireless Terminal Development		1,742,933.64			1,742,933.64		
Wireless Internet Business Environment		11,906,260.60			11,906,260.60		

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Item	Year-beginning balance	Increased amount in current period		Reduced amount in current period			Balance at the end of the period
		Inner Development Investment	Other	Confirmed Intangible Assets	Accounted into Profit and Loss in Current period	Other	
System Based on Web							
Industry Application Based on Triones and TD-LTE		14,674,003.36			14,674,003.36		
WLAN Products Upgrading and Maintenance		1,585,267.96			1,585,267.96		
						323,903,368.6	
Total	565,889,443.81	866,062,085.04	25,183,301.08	327,357,798.82	288,839,237.14	3	517,034,425.34

Note: The added-in amount in current period is the consolidated amount of Guangzhou Yaowan Recreation Network Technology Co., Ltd.

16. Goodwill**(1). 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	Other	Disposal	Other	
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	300,833,168.66	1,337,352,615.73				1,638,185,784.39

(2). Provision for Impairment of Goodwill

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		Disposal		
Shanghai Uniscope Communication Technologies Co., Ltd.	24,755,555.00					24,755,555.00
Shengyao Wireless Communication Technology (Beijing) Co., Ltd.	4,300,000.00	1,000,000.00				5,300,000.00
Total	29,055,555.00	1,000,000.00				30,055,555.00

Description: 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. Though 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 carefully verified 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 Sept. 30, 2008. As of Sept. 30, 2008, the consolidated net assets of Shanghai Uniscope Co.,

Ltd. is 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 RMB130,558,011.23, 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.

3. In Nov. 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 current period is RMB 4,300,000.00.

At the end of 2014, according to Tianxing Assessment Report [2015] No. "asset evaluation report" issued by Beijing Pan-China Assets Appraisal Co., Ltd., assessed by income 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 current period is RMB 1,000,000.00.

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 Sept. 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 Sept. 20, 2012. As of Sept. 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 Oct. 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 Oct. 16, 2012. As of Oct. 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.

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 Mar. 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

Unit: Yuan Currency: RMB

Item	Balance at the beginning of the period	Increased amount in current period	Amortization amount of the current period	Other reduced Amount	Balance at the end of the period
Decoration fee	2,544,068.91	21,176,142.38	9,648,372.17		14,071,839.12
Total	2,544,068.91	21,176,142.38	9,648,372.17		14,071,839.12

Note: In the added-in amount of the current period, there is RMB 7,237,853.22 belongs to the balance of the acquisition date of Guanzhou Yaowan Recreation Network Technology Co., Ltd.

18. Deferred income tax assets/ deferred income tax liabilities

(1) deferred income tax assets

Unit: Yuan Currency: RMB

Item	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	143,483,260.45	17,228,155.27	79,364,564.07	11,433,031.63
Amortization of intangible assets	138,006,951.48	16,775,348.57	111,352,224.57	15,138,993.34
Interests payable	934,620.19	93,462.02	1,244,022.35	155,502.79
Total	282,424,832.12	34,096,965.86	191,960,810.99	26,727,527.76

(2) Deferred income tax liabilities

Unit: Yuan Currency: RMB

Item	Balance at the end of the period		Balance at the beginning of the period	
	Taxable temporary difference	Deferred income tax Debt	Taxable temporary difference	Deferred income tax Debt
Added Value of consolidation Assets of enterprises under different control	84,888,783.07	12,658,769.15	11,908,782.08	1,665,264.43
Total	84,888,783.07	12,658,769.15	11,908,782.08	1,665,264.43

19. Short-term borrowings**(1). Short-term borrowings classification**

Unit: Yuan Currency: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Pawn borrowings		
Mortgage borrowings		
Guaranteed borrowings	434,360,000.00	438,609,877.98
Credit borrowings	2,926,345,983.96	4,299,195,093.65
Other Borrowings	73,211,253.62	
Total	3,433,917,237.58	4,737,804,971.63

Notes:

Other borrowings is defined as the discount of bill of right of resource.

20. Notes payable

Unit: Yuan Currency: RMB

Types	Balance at the end of the period	Balance at the beginning of the period
Trade Acceptance bill	261,512,470.88	761,416,955.22
bankers' acceptance bill	30,716,988.96	172,380,894.05
	129,682,328.00	
Domestic letter of Credit		
Total	421,911,787.84	933,797,849.27

21. Payables**(1). Payables**

Unit: Yuan Currency: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Within 1 year	1,215,979,763.12	1,497,853,042.92
1-2 years	104,035,496.55	83,935,519.89
2-3 years	23,979,604.05	54,347,141.91
More than 3 years	31,464,600.28	10,274,011.19
Total	1,375,459,464.00	1,646,409,715.91

(2). Important payables over one year

Unit: Yuan Currency: RMB

Item	Balance at the end of the period	Reasons of un-payment or carrying forward
Chengdu Datang Cable Co., Ltd.	14,444,694.77	Unsettled
Jining Deyou Trading Co., Ltd.	7,638,550.99	Unsettled
Hangzhou Niuchuang Electronics Co., Ltd.	6,002,965.89	Unsettled
Beijing Bokang Intelligent Information Technology Co., Ltd.	6,422,301.00	Unsettled
China Building Materials Information Technology Co., Ltd.	6,200,983.00	Unsettled
Total	40,709,495.65	/

22. Advances from customers**(1). Advances from customers**

Unit: Yuan Currency: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Within 1 year	263,425,711.05	252,322,653.82
1-2 Years	26,101,244.67	11,058,698.32
2-3 Years	4,204,365.45	8,168,787.62
More than 3 years	9,034,412.64	2,798,661.76
Total	302,765,733.81	274,348,801.52

(2). Important advances from customers over one year

Unit: Yuan Currency: RMB

Item	Balance at the end of the period	Reasons of un-payment or carrying forward
Xinchen Technology Co., Ltd.	14,800,000.00	Contract in process, carrying-forward and settlement are not executed
Flood Control and Drought Relief Headquarters of Ganzi Tibetan Autonomous Prefecture People's Government	1,739,826.80	Contract in process, carrying-forward and settlement are not executed
Beijing Jiantong communication source Digital Technology Co., Ltd.	1,542,854.00	Contract in process, carrying-forward and settlement are not executed
FSBM Malaysia company	1,335,627.34	Contract in process, carrying-forward and settlement are not executed
China Mobile Group Jiangsu Branch	1,170,000.00	Contract in process, carrying-forward and settlement are not executed
Total	20,588,308.14	/

23. Employee compensation payable**(1). Employee compensation payable:**

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	18,280,191.77	802,512,402.70	792,240,515.36	28,552,079.11
II.Post-employment Benefit-defined contribution plans	5,883,830.04	104,182,093.59	100,494,845.49	9,571,078.14
III.Dismission Welfare	374,962.43	3,673,071.45	3,740,969.45	307,064.43
IV.Other Welfare Payable Due Within One Year				
Total	24,538,984.24	910,367,567.74	896,476,330.30	38,430,221.68

(2). Short-term employee compensation:

Item	Unit: Yuan			Currency: RMB
	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	2,557,628.81	658,183,382.78	652,798,773.03	7,942,238.56
II. Welfare Fee for Employee		23,868,810.39	23,868,810.39	
III.Social Security Fee	3,352,617.11	54,396,047.16	53,874,671.47	3,873,992.80
Of Which: Medical Insurance	3,001,298.64	45,828,294.85	45,417,389.64	3,412,203.85
industrial injury insurance premium	123,080.74	3,457,132.65	3,449,927.49	130,285.90
birth insurance premium	225,548.57	3,693,693.18	3,589,902.48	329,339.27
Other	2,689.16	1,416,926.48	1,417,451.86	2,163.78
IV.Housing Accumulation Fund	2,919,001.30	52,853,983.85	51,176,959.01	4,596,026.14
V.Labor Union Expenditure & Employee Education Expenses	9,450,944.55	13,210,178.52	10,521,301.46	12,139,821.61
VI. Short-term Compensated Absences				
VII. Short-term Profit-sharing Plan				
Total	18,280,191.77	802,512,402.70	792,240,515.36	28,552,079.11

(3) Defined contribution plans

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	4,375,863.06	91,556,481.00	89,064,443.43	6,867,900.63
2.Unemployment Insurance Expense	339,580.64	6,293,082.65	6,046,403.91	586,259.38
3.Enterprise Annuity Payment	1,168,386.34	6,332,529.94	5,383,998.15	2,116,918.13
Total	5,883,830.04	104,182,093.59	100,494,845.49	9,571,078.14

24. Taxes and surcharges payable

Item	Unit: Yuan Currency: RMB	
	Balance at the end of the period	Balance at the beginning of the period
Value-added tax	-17,142,523.44	-9,626,343.40
Business tax	15,699,075.45	12,230,614.01
Enterprise income tax	51,069,055.96	35,579,454.35
Individual Income Tax	2,869,735.48	2,734,988.58
Urban maintenance and construction tax	5,266,363.74	4,055,840.78
Real Estate Tax		1,355,156.98
Educational surtax	4,081,526.95	2,959,828.72
Other	416,510.78	416,862.99
Total	62,259,744.92	49,706,403.01

25. Interests payable

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	135,181.16	
Corporate bond interest	13,687,367.82	
Interest on short-term borrowings payable	5,182,633.22	1,440,765.56
preferred stock classified as financial liabilities \ perpetual debt interest		
Total	19,005,182.20	1,440,765.56

26. Dividends payable

Unit: Yuan Currency: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
• ordinary stock dividend	37,187,080.46	21,370,760.93
referred stock classified as equity tool \ perpetual debt interest		
Total	37,187,080.46	21,370,760.93

27. Other payables**(1). Other payables**

Unit: Yuan Currency: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Unit Payables	69,882,177.19	152,329,942.52
Personal Payables	5,648,442.58	3,904,582.27
Stock Right acquisition Payables	176,478,173.94	26,227,500.00
Other	33,195,447.92	27,663,004.81
Total	285,204,241.63	210,125,029.60

(2). Other important payables over one year

Unit: Yuan Currency: RMB

Item	Balance at the end of the period	Reasons of un-payment or carrying forward
YLZ Information Technology Co., Ltd.	5,816,821.54	Unsettled
Beijing Datang Technology Development Co., Ltd.	2,619,817.07	Unsettled
Tianjin Dream Data Network Information Technology Co., Ltd.	2,338,558.93	Unsettled
Chengdu Datang Cable Co., Ltd.	1,768,856.67	Unsettled
Beijing Jianxingianxia Information Consulting Co., Ltd.	1,500,000.00	Unsettled
Total	14,044,054.21	

28. long-term borrowings**a. long-term borrowings classification**

Unit: Yuan Currency: RMB

Item	Balance at the end of the period	Balance at the beginning of the period
Pawn borrowings		
Mortgage borrowing		
Guaranteed borrowings		
Credit borrowings	1,384,596,268.44	500,000,000.00
Total	1,384,596,268.44	500,000,000.00

29. bonds payable**(1). bonds payable**

Unit: Yuan Currency: RMB

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

(2). Changes in bonds payable(excluded other finance tools such as preferred stock classified into finance borrowing, perpetual debt

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	Overflow discount amortization	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		1,000,000,000.00	13,687,367.82	7,382,712.14	4,555,067.51	988,062,220.35
Total	/	/	/	1,000,000,000.00		1,000,000,000.00	13,687,367.82	7,382,712.14	4,555,067.51	988,062,220.35

30. Long-term payables

Unit: Yuan Currency: RMB

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

31. Special payables

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		68,300,000.00	
Total		68,300,000.00		68,300,000.00	/

Description: This 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

32. Deferred income

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
Governmental subsidy	239,363,746.98	189,848,517.61	207,188,788.18	222,023,476.41	
Total	239,363,746.98	189,848,517.61	207,188,788.18	222,023,476.41	/

Government grants project:

Unit: Yuan Currency: RMB

Projects in Borrowing	Balance at the beginning of the period	Added-in Grants of the Current period	Operating Income of the Current period	Other Changes	Balance at the end of the period	Related to capita/profit
Development and demonstration of wisdom greenhouse production of agricultural health systems and cloud services	2,000,000.00				2,000,000.00	Related to profit
Beijing Science and Technology Project - Fusion Compass and TD-LTE terminal industry application development	1,123,315.20				1,123,315.20	Related to profit
Beijing Science and Technology Project - Zhongguancun Science Park and creative virtual platform technology incubator	450,000.00				450,000.00	Related to profit
Web-based wireless Ubiquitous Service		1,026,400.00			1,026,400.00	Related to profit
Establishing of Reader Microbar Cloud Platform		1,470,000.00	1,470,000.00			Related to profit
Cloud service platform with digital content oriented to vertical industry and custom-made terminal industrialization		4,760,000.00	4,760,000.00			Related to profit
Mobile internet interactive platform oriented to performing art market of Taiwan and Mainland and custom-made terminal industrialization	725,646.74	1,500,000.00	2,225,646.74			Related to profit
Construction of Zhongguancun virtual science-technology park and creative economy hatching platform	1,007,071.42		1,007,071.42			Related to profit
Mobile internet transaction service platform with digital content oriented to cultural enterprises	936,329.76		936,329.76			Related to profit
Internet-based public opinion information monitoring service system	577,518.75		577,518.75			Related to profit
Independently operated researching and sampling of key technologies for cloud service platform oriented to digital content agencies	76,558.59		76,558.59			Related to profit
Market-oriented cultural arts interactive new media platforms and custom terminal industrialization	104,611.05		104,611.05			Related to profit
GSM / GPRS mobile phone design and integrated information platform for communications processing SOC Platform	29,962.62		29,962.62			Related to assets and profit
Development of TD-SCDMA/HSDPA/EDGE multimode baseband chip and terminal solution	1,787,134.21		1,787,134.21			Related to assets and profit
GB terrestrial digital TV	33,000,000.00				33,000,000.00	Related to profit

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Projects in Borrowing	Balance at the beginning of the period	Added-in Grants of the Current period	Operating Income of the Current period	Other Changes	Balance at the end of the period	Related to capita/profit
reception terminal core chip development and industrialization						
Mobile TV core chips and solutions development -08 IC	2,473,895.62				2,473,895.62	Related to assets and profit
Development of core chips and solutions for mobile television	494,779.12		494,779.12			Related to assets and profit
Bank EMV card development and industrialization project	1,179,738.66		1,179,738.66			Related to assets and profit
Bank EMV card development and industrialization project	1,255,064.65		1,255,064.65			Related to assets and profit
High-performance special security chip development and industrialization	1,474,247.09		1,474,247.09			Related to assets and profit
Financial IC card researching/developing and industrialization	4,353,389.02		4,353,389.02			Related to assets and profit
Financial IC card chip researching/developing and industrialization	496,130.28		496,130.28			Related to assets and profit
Design of multi-interface mobile payment core control chips	4,283,288.12		4,283,288.12			Related to assets and profit
Integrated circuit design enterprise research and development capacity execution solution	25,000,000.00		25,000,000.00			Related to profit
Development of high-performance dual-interface financial IC card chip	3,598,131.28		3,151,874.89		446,256.39	Related to assets and profit
Research and development of high-security multi-application payment core chip	6,071,235.50		2,746,509.81		3,324,725.69	Related to assets and profit
SMIC-security simulation IP based on 55nm embedded eFlash process		500,000.01	500,000.01			Related to assets and profit
High-performance dual-interface financial IC card chip		300,847.89	300,847.89			Related to assets and profit
Research and development of multi-application security chip oriented to livelihood projects		35,000,000.00	24,228,461.69		10,771,538.31	Related to assets and profit
Integration of the two companies the new capacity-building projects		100,000.00			100,000.00	Related to assets and profit
2014 Haidian District major scientific and technological achievements in industry projects		1,000,000.00			1,000,000.00	Related to assets and profit
Based on high-performance dedicated security chip development and industrialization of independent cryptographic techniques	326,250.00				326,250.00	Related to assets and profit
Digital TV conditional access security certification SOC chip development		1,699,152.11	1,699,152.11			Related to assets and profit
Ministry of Finances Division National Key New Product award		500,000.00	500,000.00			Related to profit

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Projects in Borrowing	Balance at the beginning of the period	Added-in Grants of the Current period	Operating Income of the Current period	Other Changes	Balance at the end of the period	Related to capita/profit
TD-SCDMA HSDPA/HSUPA Multi-mode terminal baseband chip development and industrialization	2,536,769.75		552,479.91		1,984,289.84	Related to assets and profit
HSUPA Supported TD-SCDMA/GSM Bi-mode terminal product development and industrialization	205,246.87		59,375.84		145,871.03	Related to assets and profit
TD-SCDMA Enhanced technology optimization and data terminal core chip card development	609,442.07		139,470.56		469,971.51	Related to assets and profit
TD-LTE / FDD-LTE / TD-SCDMA / WCDMA / GSM Multi-mode baseband chip commercial development	2,135,828.13		1,394,428.13	741,400.00		Related to assets and profit
TD-SCDMA Enhanced series data terminal product development and industrialization	3,010,025.86		475,187.59		2,534,838.27	Related to assets and profit
TD-SCDMA terminal solution development and industrialization	3,692,419.74		1,126,041.89		2,566,377.85	Related to assets and profit
TD-SCDMA MBMS terminal solution and design and development	1,751,024.21		586,080.28		1,164,943.93	Related to assets and profit
TD-SCDMA Multimedia broadcasting Management System(MBMS) terminal solution development	136,435.89		44,204.99		92,230.90	Related to assets and profit
Communication + broadcast radio chip prototype application development	437,952.86		93,892.11		344,060.75	Related to assets and profit
TD-LTE/TD-SCDMA Bi-mode solid-core Development	302,107.48		66,052.84		236,054.64	Related to assets and profit
Bi-mode Mobile Terminal Solutions	192,321.43		53,024.31		139,297.12	Related to assets and profit
High-performance application processing core development and industrialization	56,980.06		56,980.06			Related to assets and profit
Development and industrialization of TD-SCDMA reinforcing technology terminal key chip and solution	1,415,850.35				1,415,850.35	Related to assets and profit
Research/ development and industrialization of TD-SCDMA reinforcing technology route inspecting instrument	1,060,855.94		210,956.21		849,899.73	Related to assets and profit
Research/ development and industrialization of TD-SCDMA module for embedded portable laptop	3,963,579.34		849,985.05		3,113,594.29	Related to assets and profit
TD-LTE terminal baseband chip research and development	34,394,588.41	276,793.34	8,416,572.88		26,254,808.87	Related to assets and profit
TD-LTE data card terminal research and development	2,299,494.40		591,674.25		1,707,820.15	Related to assets and profit
communication system RF chip, device and module for	381,748.01		81,954.62	195,300.00	104,493.39	Related to assets and profit

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Projects in Borrowing	Balance at the beginning of the period	Added-in Grants of the Current period	Operating Income of the Current period	Other Changes	Balance at the end of the period	Related to capita/profit
IMT-Advanced and other broadband wireless development						
TD-SCDMA Application Based on Open Platform	78,955.70		19,577.74		59,377.96	Related to assets and profit
OVS platform supported SOC baseband chip and intelligent terminal solution development and industrialization	222,325.18		93,461.41		128,863.77	Related to assets and profit
2010 Shanghai Little Giant	202,546.92		41,419.25		161,127.67	Related to assets and profit
TD-SCDMA HSPA+Terminal baseband chip development	6,864,336.66		3,082,914.30		3,781,422.36	Related to assets and profit
TD-SCDMA Supported High-performance chip and handset conformance test system required	35,323,076.86		5,066,643.42		30,256,433.44	Related to assets and profit
TD-LTE RF conformance test system	293,400.53		128,804.30		164,596.23	Related to assets and profit
TD-LTE terminal GCF validation test set	274,225.89		40,598.29		233,627.60	Related to assets and profit
Mobile IPv6 Multi-media Terminal Solutions based on TD-SCDMA R&D and Industrialization	337,894.17		152,700.76		185,193.41	Related to assets and profit
TD-SCDMA mode software R&D in Bi-mode Terminal	12,403.76	32,500.00	44,903.76			Related to assets and profit
Solution development of intelligent terminal with high rate and low power consumption and supporting TD-LTE protocol	352,870.97	300,000.00	282,121.34		370,749.63	Related to assets and profit
Design of special chip for power management	542,787.15		370,228.08		172,559.07	Related to assets and profit
Sample research and development of TD-LTE-Advanced terminal baseband chip project	8,838,947.08		6,275,701.33	30,900.00	2,532,345.75	Related to assets and profit
Development of key IP for TD-SCDMA baseband chip	4,793,255.21		611,562.51		4,181,692.70	Related to assets and profit
National Engineering Laboratory	1,844,103.54		801,700.69		1,042,402.85	Related to assets and profit
Mobile Broadband Router development platform capacity building	528,864.18		71,638.40		457,225.78	Related to assets and profit
Research and development of multi-antenna radio channel simulator	850,000.00			58,310.00	791,690.00	Related to assets and profit
Based on the domestic advanced technology platform for mobile terminal chip design and industrialization	16,607,735.66	32,503,400.00	665,242.17		48,445,893.49	Related to assets and profit
Based on their own core chip and software popularity of mobile intelligent terminal development and industrialization	230,056.99		162,393.18		67,663.81	Related to assets and profit
Private mobile communication	3,459,260.75	1,251,720.00	2,915,678.35		1,795,302.40	Related to assets

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Projects in Borrowing	Balance at the beginning of the period	Added-in Grants of the Current period	Operating Income of the Current period	Other Changes	Balance at the end of the period	Related to capita/profit
network infrastructure for business-critical technology research and equipment development						and profit
Based on safe and reliable core chip TD-LTE multimode smartphone development and industrialization	400,000.00		184,466.01		215,533.99	Related to assets and profit
FDD-LTE/TDD-LTE supported Intelligent Terminal Solution Development		960,000.00			960,000.00	Related to assets and profit
TD-LTE / TD-SCDMA / GSM Multi-mode multi-band single-chip research and development of intelligent terminals		9,375,800.00	621,815.65		8,753,984.35	Related to assets and profit
Chip-based smart terminal domestic advanced technology, the key IP development and industrialization		4,555,500.00	383,738.03		4,171,761.97	Related to assets and profit
Advanced multi-dimensional high-density packaging technology and industrialization in the mobile terminal core chip and supporting chip		6,908,700.00	789,339.17		6,119,360.83	Related to assets and profit
2013 Shanghai IC design companies turn first piece		5,000,000.00	5,000,000.00			Related to profit
Terminal-based security solutions Trusted Execution Environment (TEE) technology		720,000.00			720,000.00	Related to assets and profit
TD-LTE / LTE FDD / TD-SCDMA / WCDMA / GSM Multi-mode multi-band intelligent terminal development		203,580.00			203,580.00	Related to assets and profit
2014 IC design research and development capabilities specific implementation plan		45,000,000.00	45,000,000.00			Related to profit
Financial subsidies patent		885,405.80	885,405.80			Related to profit
Academy of Telecommunications Technology section discount models		3,618,010.00	3,618,010.00			Related to profit
SIPO patent grants		31,200.00	31,200.00			Related to profit
"Ten Hundred Thousand Project" grant		750,000.00	750,000.00			Related to profit
2013 Zhongguancun standardized funds		1,400,000.00	1,400,000.00			Related to profit
2014 special section of Things		3,000,000.00	3,000,000.00			Related to profit
China Communications Standards Association grants		58,000.00	58,000.00			Related to profit
2014 implementation of special aid funds for Standardization		400,000.00			400,000.00	Related to assets and profit
"Haiying talent" project grants		68,000.00			68,000.00	Related to profit
Zhongguancun Science and Technology Credit Report subsidies		5,000.00			5,000.00	Related to profit

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Projects in Borrowing	Balance at the beginning of the period	Added-in Grants of the Current period	Operating Income of the Current period	Other Changes	Balance at the end of the period	Related to capita/profit
TD-SCDMA Data fusion product development and industrialization	3,932,291.53		625,000.08		3,307,291.45	Related to assets and profit
4G mobile broadband technology based M2M module development and physical networking applications	459,374.89		87,500.04		371,874.85	Related to assets and profit
Ubiquitous network collaborative multi-terminal network platform and key technical control	700,136.00				700,136.00	Related to assets and profit
Internet of things Collaborative Research and Development Gateway's telematics system	400,000.00				400,000.00	Related to assets and profit
IC special subsidies		1,800,000.00	750,000.00		1,050,000.00	Related to profit
Technical innovation subsidies	407,928.88	224,443.46	50,371.12		582,001.22	Related to capital
Industry support special subsidies		22,620,548.00	22,620,548.00			Related to profit
Others		43,517.00	43,517.00			Related to profit
Total	239,363,746.98	189,848,517.61	206,162,878.18	1,025,910.00	222,023,476.41	/

33. Capital stock

Unit: Yuan Currency: RMB

	Balance at the beginning of the period	Changes of the current period(+,-)					Balance at the end of the period
		New shares issued	Stock dividend	housing common reserve fund turned shares	Other	Subtotal	
Sum of shares	741,707,313.00	140,401,159.00				140,401,159.00	882,108,472.00

Description: 1. 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 Mar. 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. Before this capital increase the registered capital is RMB 741,707,313.00, the share capital is RMB 741,707,313.00, the registered capital is RMB 844,287,944.00 after change, the total share capital is RMB 844,287,944.00, which has been certified by Lixin Certified Public Accountants (special general partner), and received verification report Lixin asset verification report [2014] No. 710 882 on Apr. 28, 2014.

2. 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 Mar. 28, 2014, the non-public offering of 37,820,528 shares of this capital increase the registered capital by RMB 844,287,944.00 with the share capital of RB 844,287,944.00 to registered capital of RMB 882,108,472.00 with total share capital of RMB 882,108,472.00, which has been certified by Lixin Certified Public Accountants (special general partner) on May 23, 2014 by verification report numbered Lixin asset verification report [2014] No.710991

34. 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
Paid-in capital in excess of par	2,175,921,574.02	1,370,378,364.92	2,271,043.14	3,544,028,895.80
Other additional paid-in capital	138,043,426.48	895,369.24		138,938,795.72
Total	2,313,965,000.50	1,371,273,734.16	2,271,043.14	3,682,967,691.52

Notes: 1. According to *The Reply on the Examination and Approval of Datang Science & Technology Company Limited Issuing Shares to Zhou Hao and Others to Purchase Assets and Raise Correspondingly Capital*(Securities Regulatory Permission[2014]No.332), which was provided by China Securities Regulatory Commission on Mar. 28th, 2014, with the combination means of both issuing shares and cash payment, the company purchased 100% shareholdings of Guangzhou Yaowan Recreation Network Technology Co., Ltd., which was originally legitimated held by Zhou Hao, Chen Yong, Ye Yubing, Chen Ling, Kang Yanzun, Huang Yong, Zhejiang Hongfan Venture Capital Co., Ltd., Guangzhou Shibao Investment Co., Ltd., and Haitong Kaiyuan Investment Co., Ltd., with the balance confirmation of capital reserve between stock issuing price and face value of share of 1,361,866,767.23 Yuan.

2. On Jun. 21st, 2014, on the 17th meeting of the 6th session of company board directors, the company approved on the Proposal of the Company Terminal Design Integration Plans, and agreed to sell as the price of 1.00 yuan shareholdings of Shengyao Wireless Communication Technology (Beijing) Co., Ltd., 27.4% and 32.6% held by Wu Zunxiang and Shengyao Dingcheng Technology (Beijing) Co., Ltd. Respectively, and after the completion of the acquisition establishment of industrial and commercial registration on Jul. 21st, 2014, the company would hold 100% shareholdings of Shengyao Wireless Communication Technology Co., Ltd.. This acquisition increased the capital reserve to 8,511,597.69 Yuan.

3. Xi'an Datang Telecom Technology Co., Ltd., a subsidiary of this company, was originally a wholly-owned subsidiary of Xi'an Datang Monitoring Technology Co., Ltd., and introduced a new shareholder, Beijing Tianyu Huaxing Aviation Technology Co., Ltd., with the capital increase of 50,000,000.00 Yuan. After the completion of the capital increase, Beijing Tianyu Huaxing Aviation Technology Co., Ltd. held 51.00% shareholdings of Xi'an Datang Monitoring Technology Co., Ltd., and the company lost its control right of Xi'an Datang Monitoring Technology Co., Ltd., and increased the capital reserve of 442,495.72 Yuan.

4. On Apr. 16th, 2014, in accordance with the decision on the 15th boarder meeting of the 6th session of the directors and the agreement of shareholding acquisition, Datang Software Technologies Co., Ltd., the subsidiary company controlled by our company, acquired 30% shareholdings of the subsidiary company of Beijing Datang Zhicheng Software Technology Co., Ltd., which was held by Li Shengli, Liu Gang, Ma Zhiyong and Chang Zhen. To calculate the balance of the net asset calculated since the acquisition date, by the ratio of the newly long-term shareholding investment by purchasing minority shareholdings to newly shareholding increase, to acquire the capital reserve in the consolidated asset and liabilities sheet, the company adjusted in proportion the offset capital of 2,271,043.14 Yuan.

5. According to actual business, on the 8th boarding meeting of the 6th session of the directors, the company invested jointly with NXP Co., Ltd. to set up a joint venture Datang NXP Semiconductors Co., Ltd., at the Rudong County of Nantong City, Jiangsu Province, with the registered capital of \$ 20,000,000.00, of which \$ 10,200,000.00 was invested by the company holding 51% shareholdings, and \$ 9,800,000.00 by NXP Co., Ltd., holding 49% shareholdings. At the same time, NXP Co., Ltd. donated 887,987.29 yuan to NXP Semiconductors Co., Ltd., and our company confirmed the capital reserve of 452,873.52 Yuan by the proportion of shareholdings.

35. Other comprehensive income

Unit: Yuan Currency: RMB

Item	The beginning of the period Balance	Amount of the current period					At the end of the period Balance
		The amount of this period before income tax	-: Previous incoming included into profits and losses of the current comprehensive income	Less: income tax expense	Attributed to parent company after tax	Attributed to minority shareholders after tax	
1.other comprehensive income unable to be classified into profits and losses in the future							
In which:recalculation to set the benefit plan changes in the net liabilities and assets							
The share of other comprehensive income of the invested unit under equity unable to be classified into profits and losses							
2. Other comprehensive income able to be classified into the profits and losses							
In which: the share of other comprehensive income of the invested unit under equity able to be classified into profits and losses							
Changes of fair value of gains and losses of available-for-sale financial assets							
Gains and losses of available-for-sale financial assets and classified as held-to-maturity investment							
Effective part of cash flow hedging gains and losses							
Translation reserve	-2,031,074.52	3,681,255.64					1,650,181.12
Other comprehensive income in total	-2,031,074.52	3,681,255.64					1,650,181.12

36. Surplus reserves

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
Legal surplus reserves	59,839,287.96			59,839,287.96
Free surplus reserves				
Reserve fund				
Enterprise expansion fund				
other				
total	59,839,287.96			59,839,287.96

37. Retained earnings

Unit:Yuan Currency:RMB

Item	Current period	Previous period
Retained earnings at the ending of the previous period before adjustment	-805,176,713.95	-960,792,572.69
Total retained earnings at the period of adjustment (add+, minus—)		
Retained earnings at the beginning period after adjustment	-805,176,713.95	-960,792,572.69
+:Net profit of this period attributable to the shareholders of parent company	217,042,207.05	155,615,858.74
-:Withdrawal legal surplus reserves		
Withdrawal free surplus reserves		
Withdrawal general risk preparation		
Common stock dividends payable		
Common stock dividends change to stock		
other	7,662,432.95	
Retained earnings, ending	-595,796,939.85	-805,176,713.95

38. Operating Revenue and Expenses

Unit:Yuan Currency:RMB

Item	Amount incurred in current period		Amount incurred in previous period	
	Income	Cost	Income	Cost
Main Businesses	7,977,474,701.39	6,379,371,130.49	7,904,000,940.65	6,463,215,895.78
Other Business	6,556,328.36	4,918,032.17	11,171,684.34	37,362,509.67
Total	7,984,031,029.75	6,384,289,162.66	7,915,172,624.99	6,500,578,405.45

39. Business Tax and Surcharges

Unit:Yuan Currency:RMB

Item	Amount incurred in current period	Amount incurred in previous period
consumption tax		
Business tax	18,780,336.91	12,080,123.42
Urban maintenance and construction tax	9,579,742.15	9,068,171.80
Educational surtax	7,642,298.68	6,682,323.28
Resources tax		
Price regulation fund	10,022.55	99,490.75
other	18,123.83	459,498.53
River way management charges	221,614.20	202,373.25
Cultural undertakings and construction tax		2,557.02
total	36,252,138.32	28,594,538.05

40. Sales expenses

Unit:Yuan Currency:RMB

Item	Amount incurred in current period	Amount incurred in previous period
Employee compensation	133,369,163.93	136,975,529.83
Consultation and service expenses	65,422,687.67	67,986,227.75
Shipping expenses	12,676,289.55	19,258,569.02
Packing expenses	2,266,341.11	3,549,462.63
Sample and product loss	7,069,515.31	2,827,402.86
Repair charges	2,965,826.93	3,444,615.66
Depreciation costs	4,958,564.28	3,467,888.15
Exhibition expenses	2,001,553.01	2,764,679.16
Advertisement expenses	11,764,747.32	283,147.23
Insurance premium	1,178,175.20	375,727.69
other	70,017,093.32	86,106,290.31
total	313,689,957.63	327,039,540.29

41. Administrative cost

Unit:Yuan Currency:RMB

Item	Amount incurred in current period	Amount incurred in previous period
Research and development expenses	288,839,237.14	305,649,111.93
employee compensation	196,851,716.72	153,501,358.51
Assets amortization	156,915,965.58	99,505,118.07
depreciation costs	21,409,330.10	19,946,486.27
Leasing expenses	14,694,574.01	13,343,472.29
Consultation expenses	20,196,938.06	11,025,221.36
Traveling expenses	13,358,700.57	9,814,218.81
Business entertainment expenses	8,428,706.43	9,931,780.31
Office expenses	8,884,105.70	7,039,010.63
Tax	6,947,918.86	7,453,954.62
Utilities	2,515,578.67	3,997,771.97
Repair charges	2,113,714.91	2,062,272.95
Insurance premium	2,436,232.06	1,927,194.77
Low-value consumable amortization	591,435.48	402,576.63
other	16,633,323.69	16,759,130.14
total	760,817,477.98	662,358,679.26

42. Financial cost

Unit:Yuan Currency:RMB

Item	Amount incurred in current period	Amount incurred in previous period
Interest expenditure	368,624,765.02	270,071,718.54
-:Interest income	39,820,831.76	9,455,077.61
Exchange gains and losses	1,907,900.85	-4,660,526.70
other	8,341,076.78	3,874,710.33
total	339,052,910.89	259,830,824.56

NOTE:Current finance interest income is 39,820,831.76 Yuan: 22,651,976.67 Yuan is the capital occupying interest charged by the company from Datang (Tianjin) Science and Technology Industrial Park Co., Ltd.

43. Assets impairment loss

Unit:Yuan Currency:RMB

Item	Amount incurred in current period	Amount incurred in previous period
1. Bad debts loss	99,465,871.75	68,067,961.36
2. Loss of inventory depreciation	18,799,384.97	23,756,526.85
3. Depreciation loss of available-for-sale financial assets		
4. Impairment loss of held-to-maturity investment		
5. Impairment loss of long-term equity investment		
6. Impairment loss of real estate investment		
7. Depreciation loss of fixed assets		
8. Impairment loss of project materials		
9. Impairment loss of construction under progress		
10. Impairment loss of the productive biological assets		
11. Impairment loss of oil and gas assets		
12. Impairment loss of intangible assets		
13. Impairment loss of Goodwill	1,000,000.00	4,300,000.00
14. others		
Total	119,265,256.72	96,124,488.21

44. Investment income

Unit:Yuan Currency:RMB

Item	Amount incurred in current period	Amount incurred in previous period
Long-term equity investments income by equity method	-14,226,078.56	-7,537,276.26
Investment income from disposal of long-term equity investments		30,744,995.26
Investment income of financial assets in holding period with amount change recorded in current profit and loss at fair value		
Investment income from disposal of financial assets with amount change recorded in current profit and loss at fair value		
Investment income of held-to-maturity investments in holding period		
Investment income gained by available-for-sale financial assets		
Investment income from disposal of available-for-sale financial assets		
Profit from re-measurement of residual equity at fair value after loss of control right	29,113,071.55	
Other	12,533,598.08	
Total	27,420,591.07	23,207,719.00

45. Non-operating income

Unit:Yuan Currency:RMB			
Item	Amount incurred in current period	Amount incurred in previous period	Amount of non-recurring profit and loss recorded in current period
Total gains of non-current assets disposal	18,389,059.04	3,300.00	18,389,059.04
in which:fixed assets disposal gains	357,631.45	3,300.00	357,631.45
Intangible assets disposal gains	18,031,427.59		18,031,427.59
Debt restructuring gains			
Non-monetary assets transaction gains			
accepted donations			
Governmental subsidy	227,340,165.98	195,970,446.19	214,270,585.78
Other	15,654,625.49	6,638,799.60	15,654,625.49
Total	261,383,850.51	202,612,545.79	248,314,270.31

Recorded into the profits and losses of current government subsidies

Unit:Yuan Currency:RMB			
Subsidy Project	Amount of the current period	Amount incurred in previous period	Related to capital/profit
VAT refund	13,069,580.20	17,326,451.56	Related to profit
Integrated circuit design enterprise research and development capacity execution solution	25,000,000.00	7,500,000.00	Related to profit
TD-LTE terminal baseband chip research and development	8,416,572.88	11,507,076.43	Related to assets and profit
Sample research and development of TD-LTE-Advanced terminal baseband chip project	6,275,701.33	6,709,136.41	Related to assets and profit
Financial IC card researching/developing and industrialization	4,353,389.02	8,148,839.68	Related to assets and profit
Design of multi-interface mobile payment core control chips	4,283,288.12	4,415,813.38	Related to assets and profit
Development of high-performance dual-interface financial IC card chip	3,151,874.89	3,399,612.31	Related to assets and profit
Research and development of TD-SCDMAHSPA+ terminal base-band chip	3,082,914.30	4,139,258.08	Related to assets and profit
Research and development of high-security multi-application payment core chip	2,746,509.81	5,928,764.50	Related to assets and profit
Development of TD-SCDMA/HSDPA/EDGE multimode baseband chip and terminal solution	1,787,134.21	3,574,268.36	Related to assets and profit
Independently operated researching and sampling of key technologies for cloud service platform oriented to digital content agencies	1,576,558.59	1,723,441.41	Related to profit
High-performance special security chip development and industrialization	1,474,247.09	4,102,946.85	Related to profit
R&D and industrialization project of bank EMV card (5,200,000 Yuan)	1,255,064.65	867,973.44	Related to assets and profit
Bank EMV card development and industrialization project	1,179,738.66	2,033,773.44	Related to assets and profit
TD-SCDMA terminal solution development and industrialization	1,126,041.89	1,191,660.15	Related to assets and profit
Construction of Zhongguancun virtual science-technology park and creative economy	1,007,071.42	1,413,328.58	Related to profit

Subsidy Project	Amount of the current period	Amount incurred in previous period	Related to capital/profit
hatching platform			
Mobile internet transaction service platform with digital content oriented to cultural enterprises	936,329.76	63,670.24	Related to profit
municipal subsidies for patent	887,322.00	756,779.00	Related to profit
Research/ development and industrialization of TD-SCDMA module for embedded portable laptop	849,985.05	923,001.52	Related to assets and profit
special government grant for treasury cultural development	725,646.74	5,274,353.26	Related to profit
Development of key IP for TD-SCDMA baseband chip	611,562.51	2,048,337.05	Related to assets and profit
TD-LTE data card terminal research and development	591,674.25	803,607.03	Related to assets and profit
TD-SCDMA MBMS terminal solution and design and development	586,080.28	599,856.37	Related to assets and profit
Internet-based public opinion information monitoring service system	577,518.75	522,481.25	Related to profit
Financial IC card chip researching/developing and industrialization	496,130.28	1,727,020.79	Related to assets and profit
Design of special chip for power management	370,228.08		Related to assets and profit
TD-LTE RF conformance test system	128,804.30		Related to assets and profit
Mobile internet interactive platform oriented to performing art market of Taiwan and Mainland and custom-made terminal industrialization	104,611.05	1,385,388.95	Related to profit
M2M module R&D and IOT application	87,500.04	240,625.00	Related to assets and profit
Research and development and industrialization of smart sensor nodes and network management equipment of the Internet of Things		357,000.00	Related to profit
Mobile terminal chip design and industrialization at the advanced process platform of domestic countries	665,242.17	15,826,064.34	Related to assets and profit
TD-LTE/FDD-LTE/TD-SCDMA/WCDMA/GSM multi-mode base-band chip for commercial use	1,394,428.13	12,499,071.87	Related to assets and profit
Development of special chips for mobile payment and integrated products		6,320,000.00	Related to profit
Research fees on the subject of wisdom agricultural park		4,010,000.00	Related to profit
TD-SCDMA high performance chip and mobile phone testing system	5,066,643.42	4,676,923.14	Related to assets and profit
Income tax return from the management committee of Pukou Economic Zones at Nanjing City, Jiangsu Province		2,379,000.00	Related to profit
Key technology research and equipment development and manufacturing of the special mobile communication network	2,915,678.35	2,294,439.25	Related to assets and profit
Special security chip with high performance		2,250,000.00	Related to profit
The research and manufacturing of application terminals in the integrated field of beidou and TD-LTE		2,012,684.80	Related to profit
Government subsidies		1,510,414.00	Related to profit
Web-based wireless pan project		1,333,200.00	Related to profit
Subsidies of Zhongguancun projects with international standards and with domestic standards in Year 2012		1,260,000.00	Related to profit
National Engineering Laboratory	801,700.69	1,155,896.46	Related to assets

Subsidy Project	Amount of the current period	Amount incurred in previous period	Related to capital/profit
			and profit
the integrated project with culture and science and technology		1,000,000.00	Related to profit
Indonesia government subsidies on cooperated project development of 36 cards and manufacturing system		1,000,000.00	Related to profit
Special funds for deep integration of informatization		960,000.00	Related to profit
finance bureau of bonded area of Tianjin port		673,800.00	Related to profit
project of multi-terminal coordination network controlling platform and key technology of ubiquitous network		1,102,900.00	Related to profit
optimization of the second generation of contact-less IC card chips		593,212.00	Related to profit
TD-SCDMA/DPA/HSUPA multi-mode terminal base-band chip	552,479.91	552,479.94	Related to assets and profit
Government subsidies of Guangzhou Management Committee		500,000.00	Related to profit
TD-SCDMA data terminal products (Enhanced series)	475,187.59	475,187.57	Related to assets and profit
TD-SCDMA data converged product development and industrialization	625,000.08	442,708.50	Related to assets and profit
Research/ development and industrialization of TD-SCDMA reinforcing technology route inspecting instrument	210,956.21	267,610.81	Related to assets and profit
Development and industrialization of TD-SCDMA reinforcing technology terminal key chip and solution		109,641.91	Related to assets and profit
Finance return from local government		972,400.00	Related to profit
Special execution solution for research and development capacity of integrated circuit design enterprises of 2014	45,000,000.00		Related to profit
Research and development of multi-application security chip oriented to livelihood projects	24,228,461.69		Related to assets and profit
Special subsidy for industry support	22,620,548.00		Related to profit
First tape out of integrated circuit design enterprises in Shanghai of 2013	5,000,000.00		Related to profit
Cloud service platform with digital content oriented to vertical industry and custom-made terminal industrialization	4,760,000.00		Related to profit
research and development and industrialization of comprehensive monitoring and controlling management software for wisdom city infrastructure	3,000,000.00		Related to profit
High-performance dual-interface financial IC card chip	2,000,000.00		Related to profit
Ha grid Project fund subsidies	1,700,000.00		Related to profit
Establishing of Reader Microbar Cloud Platform	1,470,000.00		Related to profit
NGN-service activated network management system and clouds management system interface requirement/end-to-end cloud computing resources management framework	1,400,000.00		Related to profit
Supporting fund for Beijing cultural innovation development	840,000.00		Related to profit
Application of multidimensional high-density advanced packaging technology in core chips and accessory chips of mobile terminal and industrialization thereof	789,339.17		Related to assets and profit
Special supporting grants for fostering enterprises of	750,000.00		Related to profit

Subsidy Project	Amount of the current period	Amount incurred in previous period	Related to capital/profit
'ten-hundred-thousand project'			
Special fund for the integrated circuit development	750,000.00		Related to profit
Innovation of 3G and Internet of Things application - the integration of mine safety	650,000.00		Related to profit
Research and development of TD-LTE / TD-SCDMA / GSM multimode multi-frequency intelligent terminal single-chip	621,815.65		Related to assets and profit
SMIC-security simulation IP based on 55nm embedded eFlash process	500,000.01		Related to assets and profit
Plan project of national key new product - financial function of social security card chip DMT-CTSB32A4	500,000.00		Related to profit
Development of core chips and solutions for mobile television	494,779.12		Related to assets and profit
Research and development of intelligent terminal chip and key IP based on domestic advanced process	383,738.03		Related to assets and profit
Special fund for innovation and start-up service at Zhongguancun Science Park - service system construction	300,000.00		Related to profit
Solution development of intelligent terminal with high rate and low power consumption and supporting TD-LTE protocol	282,121.34		Related to assets and profit
Other	9,852,966.27	31,108,346.56	
Total	227,340,165.98	195,970,446.19	

46. Non-operating expenses

Unit:Yuan Currency:RMB

Item	Amount incurred in current period	Amount incurred in previous period	Amount of non-recurring profit and loss recorded in current period
Total losses of non-current assets disposal	1,876,158.11	128,532.18	1,876,158.11
in which:fixed assets disposal losses	1,876,158.11	128,532.18	1,876,158.11
Intangible assets disposal gains			
Debt restructuring losses			
Non-monetary assets transaction losses			
donating	150,000.00	50,227.03	150,000.00
Other	109,413.83	1,035,933.53	109,413.83
Total	2,135,571.94	1,214,692.74	2,135,571.94

47. Income tax expenses

(1) Income tax expenses table

Unit:Yuan Currency:RMB

Item	Amount incurred in current period	Amount incurred in previous period
The income tax expenses of the current period	79,677,954.89	76,826,213.74
Deferred income tax expenses	-10,020,278.38	-11,291,613.98
Total	69,657,676.51	65,534,599.76

48. The cash flow statement items

(1) Cash received related to other business activities:

Unit: Yuan Currency: RMB

Item	Amount incurred in current period	Amount incurred in previous period
Governmental subsidy	192,777,895.85	155,611,104.48
Interest income	17,168,855.09	9,455,077.61
Performance bond and net margin of letter of guarantee received		4,989,129.35
Other	105,300,548.16	83,395,431.01
Total	315,247,299.10	253,450,742.45

(2). Other cash paid related to operating activities:

Unit: Yuan Currency: RMB

Item	Amount incurred in current period	Amount incurred in previous period
Performance bond and net margin of letter of guarantee paid	18,308,586.37	
Sales expenses	174,470,538.38	186,596,122.31
Administrative cost	288,844,008.65	221,528,361.64
Intercourse funds	70,275,263.97	50,655,712.16
Other	7,303,655.13	9,375,515.66
Total	559,202,052.50	468,155,711.77

(3). Other cash received related to investment activities

Unit: Yuan Currency: RMB

Item	Amount incurred in current period	Amount incurred in previous period
Gaohong shareholdings transfer of previous disposal received		24,500,000.00
Due receives of wealth investment products	125,000,000.00	
Capital occupying fees for deferred delivery of real estate	22,651,976.67	
Total	147,651,976.67	24,500,000.00

(4). Other cash paid related to investment activities

Unit: Yuan Currency: RMB

Item	Amount incurred in current period	Amount incurred in previous period
Purchase of wealth investment products	175,000,000.00	
Net cash of subsidiary disposal	10,913.42	
Total	175,010,913.42	

(5). Other Cash received related to financing activities

Unit: Yuan Currency: RMB

Item	Amount incurred in current period	Amount incurred in previous period
State-owned capital from Group appropriation	68,300,000.00	
Total	68,300,000.00	

(6). Other cash paid related to financing activities

Item	Unit:Yuan Currency:RMB	
	Amount incurred in current period	Amount incurred in previous period
Payment of raising special funds and information disclosure	2,671,826.04	3,650,963.08
Payment of net margin of guarantee	80,565,265.11	90,068,097.18
Discount charges	641,666.64	
Debt underwriting fees	8,081,269.56	
Total	91,960,027.35	93,719,060.26

49. Supplementary materials of cash flow statement

(1) Supplementary materials of cash flow statement

Supplementary	Unit:Yuan Currency:RMB	
	The amount of the current period	The amount of previous period
1. Cash flow to adjust net profit to operating activities:		
Net Profit	247,675,318.68	199,717,121.46
+:accrued assets depreciation reserve	119,265,256.72	96,124,488.21
Fixed assets depreciation, oil and gas assets accumulated depreciation, production goods accumulated depreciation	83,038,184.62	69,998,276.82
Amortization of intangible assets	364,218,068.11	250,709,304.76
amortize unamortized long-term expenses	9,648,372.17	2,142,215.74
loss of disposed fixed, intangible and other long-term (less: income)	-16,512,900.93	125,232.18
Loss of discarded fixed assets (less: income)		
Profit and loss changes by fair value (less: income)		
financial expense (less: income)	368,624,765.02	270,071,718.54
Loss on investment (less: income)	-27,420,591.07	-23,207,719.00
Decrease of deferred tax assets (less: increase)	-7,369,438.10	-8,454,277.99
Increase of deferred tax debt (less: decrease)	-2,650,840.28	-2,837,335.99
Decrease of stock (less: increase)	-381,671,849.54	-138,779,646.39
Increase of operation receivables (less: decrease)	-505,720,743.45	-1,991,442,472.67
Increase of operation payables (less: decrease)	-838,174,106.42	1,123,779,330.90
Other		
Net cash flows from operating activities	-587,050,504.47	-152,053,763.43
2. Investment and financing activities irrelevant to cash income:		
Debt converted to capital		
Convertible company bonds due within one year		
Fixed assets leased by financing		
3. Changes of cash and cash equivalent:		
Cash balance at period end	1,588,853,839.52	1,212,749,693.67
-:cash balance at period beginning	1,212,749,693.67	1,119,537,795.27
+:balance of cash equivalent at period end		10,999,022.17
-:balance of cash equivalent at period beginning	10,999,022.17	
Net increase of cash can cash equivalent	365,105,123.68	104,210,920.57

(2) Subsidiary's net cash paid in current period

	Amount
Cash or cash equivalent occurred at this consolidation period and paid at this period	411,782,405.91
-:cash or cash equivalent held by subsidiary on the acquisition date	177,408,800.49
+:cash or cash equivalent occurred at the previous consolidation period but paid at this period	
Net cash paid from subsidiary	234,373,605.42

(3) Cash and cash equivalent

Unit:Yuan Currency:RMB

Item	Balance at the end of the period	Balance at the beginning of the period
1 Cash	1,588,853,839.52	1,212,749,693.67
in which:cash on hand	164,492.76	667,552.97
cash in bank	1,497,917,807.83	1,174,896,805.55
other monetary capital	90,771,538.93	37,185,335.15
due from central bank		
deposit from other banks		
call Borrowing to Banks		
2 Cash equivalent		78,402,597.88
in which:due within three months of bond investment		
3 The final balance of cash and cash equivalent	1,588,853,839.52	1,223,748,715.84
in which:cash and cash equivalent using restricted in parent company or subsidiary company within the Group		

50. The asset of ownership or use right restricted

Unit:Yuan Currency:RMB

Item	Book value at the end of the period	Limited reason
Cash and cash equivalents	235,593,707.13	134,294,759.57
Notes receivable	44,102,039.00	
Inventory		
Fixed assets		
Intangible assets		
Total	279,695,746.13	134,294,759.57

51. Foreign currency monetary items

(1). Foreign currency monetary items:

Unit: yuan

Item	Foreign Currency Balance at the end of period	Discount Rate	Discount currency balance at the end of period
Cash and cash equivalents			106,780,985.00
Including: USD	17,319,316.84	6.1190	105,976,899.04
Euro	13,874.20	7.4556	103,440.49
Hongkong dollar	711,398.63	0.7889	561,201.04
Yen	1,127,545.66	0.0519	58,519.62
NT\$	409,875.38	0.1962	80,417.55
AUD	99.99	5.0732	507.26
Receivables			309,928,206.91
Including: USD	50,637,920.13	6.1190	309,853,433.27
Euro	2,242.60	7.4556	16,719.93
Hongkong dollar	2.50	0.7889	1.97
Taiwan dollar	296,031.30	0.1961	58,051.74
Short-term borrowing			232,526,235.39
Including: USD	38,000,692.17	6.1190	232,526,235.39
Accounts payable			191,962,597.27
Including: USD	31,286,496.24	6.1190	191,442,070.48
Euro	65,002.77	7.4556	484,634.65

Item	Foreign Currency Balance at the end of period	Discount Rate	Discount currency balance at the end of period
Taiwan dollar	183,029.80	0.1961	35,892.14
Other receivables			1,669,229.57
Including: USD	272,790.05	6.1190	1,669,202.30
Hongkong dollar	34.57	0.7889	27.27
Other payables			1,187,872.10
Including: USD	179,626.87	6.1190	1,099,136.85
Taiwan dollar	452,500.00	0.1961	88,735.25

(2). Outside entities business introduction

"√ Applicable" "□ Not applicable"

Important Outside Entity	Main premises outside	Functional currency	Selection Bases
Datang Telecom (H.K.) Limited	Hongkong	USD	funds

VI. Change of Acquisition Scope

1. Business combination of enterprises not under common control

(1). Enterprise acquisition under different control happened at this period

Unit:Yuan Currency:RMB

The Name of the acquired company	Date to acquire Shares	Cost to acquire shares	Proportion of shares acquired (%)	Ways of Acquisition	Acquisition date	Selection Bases for acquisition date	The income of the acquired company during the period from the acquisition date to the end of the period	The net profit of the acquired company during the period from the acquisition date to the end of the period
Guangzhou Yaowan Entertainment Network Technology Co., Ltd.	Mar. 31 st , 2014	1,680,744,300.00	100.00	purchase	Mar. 31 st , 2014	Controlling right gained	248,449,690.99	114,588,941.93

(2). Acquisition cost and goodwill

Unit:Yuan Currency:RMB

Acquisition Cost	
--cash	588,260,579.85
--the fair value of the non-cash assets	
--the fair value of issuing or bearing debt	
--the fair value of issuing equity securities	1,092,483,720.15
--or the fair value of the considerations	
--the fair value of shareholdings before acquisition date on acquisition date	
--Others	
Total acquisition cost	1,680,744,300.00
:-the fair value shares of identifiable net assets gained	343,391,684.27
The balance of Goodwill/acquisition costs less than the fair value shares of identifiable net assets gained	1,337,352,615.73

The introduction of the confirmation method of the fair value of acquisition cost: according to the Chinese commentary report [2013] No. 202 provided by the Chinese Assets Appraisal Co., Ltd. on Jul. 25th, 2013, on the premise of continuing operations, at the appraisal benchmark date on Mar. 31st, 2013, the appraisal result of the whole equity value of Guangzhou Yaowan Recreation Network Co., Ltd. by means of Income Approach is 1,680,744,300.00 yuan.

The main reason of large Goodwill: see details in NOTES 5(16) Goodwill.

(3). Identifiable assets and liabilities of the acquiree on the acquisition date

Unit:Yuan Currency:RMB

	Guangzhou Yaowan Entertainment Network Technology Co., Ltd.	
	Fair value on the acquisition date	Book value on the acquisition date
Asset:	388,552,087.51	309,638,099.83
Cash and cash equivalents	177,408,800.49	177,408,800.49
Receivables	74,192,139.36	74,192,139.36
Inventory		
Fixed assets	16,238,435.39	17,047,635.39
Intangible assets	88,291,557.97	8,953,870.29
Development expenditure	25,183,301.08	24,797,801.08
Long-term deferred expenses	7,237,853.22	7,237,853.22
Liabilities:	45,160,403.24	31,516,058.24
borrowing		
accounts payable	31,516,058.24	31,516,058.24
Deferred income tax liabilities	13,644,345.00	
Net asset	343,391,684.27	278,122,041.59
:-Equity of minority shareholders		
gained net asset	343,391,684.27	278,122,041.59

The confirmation method of identifiable assets and liabilities is to deduct asset variation during the period to equity transferring date from the evaluation price on the evaluation date.

Contingent liabilities of the acquiree at the acquisition process: No.

2 Disposal of subsidiary company

The disposal of subsidiary company did not happen at this period.

3 Other Reasons of changes of acquisition scope

- 1 Compared with the previous period, current period newly acquired ten companies, for the following reasons:
 - (1) According to actual business, on the 8th boarding meeting of the 6th session of the directors, the company invested jointly with NXP Co., Ltd. to set up a joint venture Datang NXP Semiconductors Co., Ltd., at the Rudong County of Nantong City, Jiangsu Province, with the registered capital of \$ 20,000,000.00, of which \$ 10,200,000.00 was invested by the company holding 51% shareholdings, and \$ 9,800,000.00 by NXP Co., Ltd. holding 49% shareholdings.
 - (2) In Jan. 2014, on the 11th meeting of the 6th session of board directors, the company approved to invest 233,400,000.00 Yuan in cash to set up Datang Semiconductor Design Co., Ltd., and on Mar. 27th, 2014, at the approval of the 14th meeting of the 6th session of board directors, the company taking the 95% shareholdings of Datang Microelectronics Technology Co., Ltd., as the basis of appraisal value, increased capital of 598,410,000.00 Yuan for Datang Semiconductor Design Co., Ltd.; and taking the 100% shareholdings of Leadcore Technology Co., Ltd., as the basis of appraisal value, increased capital of 1,603,610,000.00 Yuan for Datang Semiconductor Design Co., Ltd.. After the completion of capital increase, the registered capital of Datang Semiconductor Design Co., Ltd. became 777,990,000.00 Yuan, in which 233,400,000.00 Yuan in cash investment, and 544,590,000.00 Yuan in equity investment.
 - (3) According to *The Reply on the Examination and Approval of Datang Science & Technology Company Limited Issuing Shares to Zhou Hao and Others to Purchase Assets and Raise Correspondingly Capital*(Securities Regulatory Permission[2014]No.332), which was provided by China Securities Regulatory Commission on Mar. 28th, 2014, with the combination means of both issuing shares and cash payment, the company purchased 100% shareholdings of Guangzhou Yaowan Recreation Network Technology Co., Ltd., 100% shareholdings of Shanghai Yaowan Network Technology Co., Ltd., 100% shareholdings of Hongkong Yaowan Network Technology Co., Ltd., and 100% shareholdings of Zhuhai Yaowan Network Technology Co., Ltd., which were originally legitimated held by Zhou Hao, Chen Yong, Ye Yubing, Chen Ling, Kang Yanzun, Huang Yong, Zhejiang Hongfan Venture Capital Co., Ltd., Guangzhou Shibao Investment Co., Ltd., and Haitong Kaiyuan Investment Co., Ltd..
 - (4) On Jun. 21st, 2014, on the 17th meeting of the 6th session of board directors, the company approved on *Proposal of Integration Plan of the Company Terminal Design Industry*, agreed on Jun. 25th, 2014, to register Datang Terminal Technology Co., Ltd. with registered capital of 10,000,000.00 Yuan, and accepted the 100% shareholdings of the Shanghai Uniscope Communication Technologies Co., Ltd., Qidong Uniscope Electronics Co., Ltd., and Shengyao Wireless Co., Ltd. as investment. After the completion of investment, Datang Terminal Technology Co., Ltd. was registered with registered capital of 663,017,700.00 Yuan, in which 100,000,000.00 Yuan in cash investment, and 563,017,700.00 Yuan in equity investment.
 - (5) On Jun. 21st, 2014, on the 17th meeting of the 6th session of board directors, the company approved on *Proposal of Guangzhou Yaowan on Setting up Subsidiaries in Shanghai and Wuxi Respectively*, and on Jun. 23rd, 2014, Wuxi Yaowan Recreation Network Technology Co., Ltd. was registered with registered capital of 10,000,000.00 Yuan, and Shanghai Yaowan Recreation Network Technology Co., Ltd. was registered with registered capital of 10,000,000.00 Yuan.
 - (6) On Jun. 21st, 2014, on the 17th meeting of the 6th session of board directors, the company approved that the company, its subsidiary of Xinhua Ruide (Beijing)

Network Technology Co., Ltd., and Beijing Information Smart Co., Ltd., jointly invested to set up a joint-venture, 365IME Network Technology Co., Ltd., to operate the project of education instant messaging platform. The registered capital of the joint-venture is 25,000,000.00 Yuan, in which the company invested 8,000,000.00 Yuan in cash, holding 32% equity, Xinhua Ruide (Beijing) Network Technology Co., Ltd. invested 4,750,000.00 Yuan by intangible asset, holding 19% equity, and Beijing Information Smart Co., Ltd. invested 12,250,000.00 Yuan by intangible asset, holding 49% equity.

- (7) On Aug. 15th, 2014, on the 19th meeting of the 6th session of board directors, the company approved its wholly-funded subsidiary Datang Telecom (H.K.) Limited to set up a newly overseas wholly-funded subsidiary as the issuing body of the overseas bond. On Aug. 25th, 2014, Datang Telecom (H.K.) Limited, registered a wholly-funded subsidiary Datang (H.K.) Holding Co., Ltd. at the British Virgin Islands with the registered capital of \$ 1.
- 2, Current period acquired company with one less than that of previous period for the reason: Xi'an Datang Telecom Technology Co., Ltd., a subsidiary of this company, was originally a wholly-owned subsidiary of Xi'an Datang Monitoring Technology Co., Ltd., and introduced a new shareholder, Beijing Tianyu Huaxing Aviation Technology Co., Ltd., with the capital increase of 50,000,000.00 Yuan; after the completion of the capital increase, Beijing Tianyu Huaxing Aviation Technology Co., Ltd. held 51.00% shareholdings of Xi'an Datang Monitoring Technology Co., Ltd., and our company lost its control right of Xi'an Datang Monitoring Technology Co., Ltd..

VII. Equity in Other Entities

1. Equity in subsidiary

(1) Composition of enterprise group

Subsidiary Name	Principal business premise	Registered place	Business nature	Shareholding Ratio (%)		Way of Obtaining
				Direct	Indirect	
Xi'an Datang Telecom Technology Co., Ltd.	Xi'an	Xi'an	Communication	99.20	0.34	Establishment or investment
Datang Microelectronics Technology Co., Ltd.	Beijing	Beijing	Integrated circuit products, and smart card system and software, and so on		95.00	By establishment or investment
Datang Software Technologies Co., Ltd.	Beijing	Beijing	Software category	92.1626		By establishment or investment
Datang Telecom (H.K.) Limited	Hong Kong	Hong Kong	Research/development, production and selling of e-business system platform	100.00		By establishment or investment
Datang Telecom (Tianjin) Technical Service Co., Ltd.	Xi'an	Tianjin	Switchboard	100.00		By establishment or investment
Beijing Datang Smart Card Technology Co., Ltd.	Beijing	Beijing	Software development and sales	74.3721	23.6193	By establishment or investment
Datang Telecom (Tianjin) Communication Terminals Manufacturing Co., Ltd.	Beijing	Tianjin	Electronic and communication device	100.00		By establishment or investment
Xinhua Ruide (Beijing) Network Technology Co., Ltd.	Beijing	Beijing	Electronic category	97.79		By establishment or investment
Datang Telecom (Chengdu) Information Technology Co., Ltd.	Chengdu	Chengdu	Electronic category	80.00		By establishment or investment
Datang Telecom (Nanjing) Energy-saving & Information Technology Co., Ltd.	Nanjing	Nanjing	Information category	100.00		By establishment or investment
Datang Chuangxingang Investment (Beijing) Co., Ltd.	Beijing	Beijing	Information category	100.00		By establishment or investment
Beijing Datang Zhicheng Software Technology Co., Ltd.	Beijing	Beijing	Software category		100.00	By establishment or investment
Datang Semiconductor Design Co., Ltd.	Beijing	Beijing	Electronic component	100.00		By establishment or investment
Datang NXP Semiconductor Co., Ltd.	Nantong	Nantong	Communication equipment category	51.00		By establishment or investment
Datang Terminal Technology Co., Ltd.	Beijing	Tianjin	Electronic and communication device, IC,		100.00	By establishment or investment

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Subsidiary	Principal business	Registered place	Business nature	Shareholding Ratio (%)		Way of Obtaining
			chip			
Wuxi Yaowan Recreation Network Technology Co., Ltd.	Wuxi	Wuxi	Software category		100.00	By establishment or investment
Shanghai Yaoyu Network Technology Co., Ltd.	Shanghai	Shanghai	Software category		100.00	By establishment or investment
Leadcore Technology Co., Ltd.	Shanghai	Shanghai	Electronic component		100.00	Business combination under common control
Leadcore Technology (Hong Kong) Co., Ltd.	Hong Kong	Hong Kong	Chip manufacturing and sales		100.00	Business combination under common control
Qidong Uniscope Electronics Co., Ltd.	Qidong	Qidong	E-communication		100.00	Business combination not under common control
Jiangsu I-Front Science & Technology Co., Ltd.	Nanjing	Nanjing	E-communication	41.00		Business combination not under common control
Jiangsu I-Front Information Science & Technology Co., Ltd.	Nanjing	Nanjing	E-communication		100.00	Business combination not under common control
Shanghai Uniscope Communication Technologies Co., Ltd.	Shanghai	Shanghai	Communication equipment category		100.00	Business combination not under common control
Shanghai Puge Electronics Co., Ltd.	Shanghai	Shanghai	Electronic category		100.00	Business combination not under common control
Shanghai Jingyou Communication Science & Technology Co., Ltd.	Shanghai	Shanghai	Communication technology		100.00	Business combination not under common control
Shenzhen Yousi Weiye Communication Technology Co., Ltd.	Shenzhen	Shenzhen	Electronic category		100.00	Business combination not under common control
Shengyao Wireless Communication Technology (Beijing) Co., Ltd.	Beijing	Beijing	Mobile phone terminal		100.00	Business combination not under common control
Guangzhou Yaowan Recreation Network Technology Co., Ltd.	Guangzhou	Guangzhou	IT, Internet technology	100.00		Business combination not under common control
Shanghai Yaowan Network Technology Co., Ltd.	Shanghai	Shanghai	Software category		100.00	Business combination not under common

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Subsidiary	Principal business	Registered place	Business nature	Shareholding Ratio (%)		Way of Obtaining control
Zhuhai Yaowan Recreation Network Technology Co., Ltd.	Zhuhai	Zhuhai	Software category		100.00	Business combination not under common control
Hong Kong Yaowan Recreation Network Technology Co., Ltd.	Hong Kong	Hong Kong	Software category		100.00	Business combination not under common control
365IME (Beijing) Network Science & Technology Co., Ltd.	Beijing	Beijing	Technology development	32.00	19.00	By establishment or investment
Datang (H.K.) Holding Co., Ltd.	Hong Kong	Hong Kong	Research/development, production and selling of e-business system platform		100.00	By establishment or investment

Notes: Basis for holding less than 50% equity but gaining control over investees:

The Company holds 41% equity of Jiangsu I-front Science & Technology Co., Ltd. performing as the biggest shareholder and owning more than 50% voting right in board of directors. Jiangsu I-front Science & Technology Co., Ltd. and its wholly-owned subsidiary Jiangsu I-front Information Science & Technology Co., Ltd. were included in the scope of consolidation on.

(2). Important non-wholly-owned subsidiary

Subsidiary name	Shareholding Ratio of Minority Shareholder (%)	Profit and Loss Assigned to Minority Shareholder in This Period	Dividends Announced to Assign to Minority Shareholder in This Period	Unit: Yuan Currency: RMB	
				Balance of Equity of Minority Shareholder at the End of the Period	
Xi'an Datang Telecom Technology Co., Ltd.	0.46	-354,333.29		102,284.87	
Datang Microelectronics Technology Co., Ltd.	5.00	7,356,407.34	7,021,052.63	31,761,490.07	
Datang Software Technologies Co., Ltd.	7.8374	2,066,641.25		25,930,889.01	
Jiangsu I-front Science & Technology Co., Ltd	59.00	24,273,730.81	8,795,266.90	119,964,098.18	

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(3). Main financial information of important non-wholly-owned subsidiary

Unit: yuan Currency: RMB

Subsidiary name	Balance at the end of the period						Balance at the beginning of the period					
	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.	1,275,967,447.5 9	70,144,360.11 0	1,346,111,807.7 0	875,912,997.98	447,962,967.36	1,323,875,965.3 4	1,518,377,960.4 4	45,399,552.66 0	1,563,777,513.1 0	1,457,258,893.4 7		1,457,258,893. 47
Datang Microelectronics Technology Co., Ltd.	1,204,454,727.9 8	219,257,437.99 7	1,423,712,165.9 7	716,949,698.31	71,532,666.01	788,482,364.32	1,287,715,117.4 9	219,488,914.19	1,507,204,031.6 8	792,858,078.08	85,823,246.17	878,681,324.25
Datang Software Technologies Co., Ltd.	2,048,471,739.9 5	153,204,266.91 6	2,201,676,006.8 6	1,421,409,316.3 0	448,340,555.10	1,869,749,871.4 0	1,780,870,451.9 3	117,940,282.29	1,898,810,734.2 2	1,586,365,125.4 1		1,586,365,125. 41
Jiangsu I-front Science & Technology Co., Ltd	661,709,559.53	66,604,325.51	728,313,885.04	523,565,118.65	1,419,786.42	524,984,905.07	568,591,613.75	11,532,978.07	580,124,591.82	402,486,207.96	1,844,088.48	404,330,296.44

Subsidiary name	Amount incurred in current period				Amount incurred in previous period			
	Operating income	Net Profit	Total comprehensive income	Operating cash flow	Operating income	Net Profit	Total comprehensive income	Operating cash flow
Xi'an Datang Telecom Technology Co., Ltd.	139,576,361.06	-77,028,976.33	-77,028,976.33	-153,183,223.37	622,421,718.30	-51,786,948.05	-51,786,948.05	-192,135,760.39
Datang Microelectronics Technology Co., Ltd.	887,699,823.31	147,128,146.85	147,128,146.85	91,784,117.80	1,028,472,126.26	108,250,194.54	108,250,194.54	150,266,798.55
Datang Software Technologies Co., Ltd.	1,666,772,625.24	26,368,964.83	26,368,964.83	-26,910,822.96	1,867,123,952.62	35,612,511.69	35,612,511.69	-90,344,745.37
Jiangsu I-front Science & Technology Co., Ltd	361,632,603.64	41,141,916.62	41,141,916.62	-22,178,771.67	505,673,325.25	54,011,970.47	54,011,970.47	-27,916,612.41

2. Transaction where the proportion of owner's equity in subsidiary changes but the control over subsidiary remains

(1) Remark for change of shares of owner's equity of subsidiaries

Remark for change of shares of owner's equity of subsidiaries

According to the resolutions of the 15th meeting of the sixth shareholders convention and share purchase agreement, The Company's subsidiary, Datang Software Technologies Co., Ltd., acquired 30% equity of Beijing Datang Zhicheng Software Technology Co., Ltd. from four natural persons of Shengli Li, Gang Liu, Zhiyong Ma and Zhen Chang on Apr. 16, 2014 at a consideration of RMB 5,764,170.00. After completion of transaction, Datang Software Technologies Co. Ltd.'s stock ownership in Beijing Datang Zhicheng Software Technology Co. Ltd. increased from 69% to 99%.

According to the resolutions on *Proposal to Integrate the Company's Terminal Design Businesses* deliberated and passed at 17th meeting of the sixth board of directors on Jun. 21, 2014, the Company was approved to acquired 27.4% and 32.6% equity of Shengyao Wireless Communication Technology (Beijing) Co., Ltd. at a consideration of RMB 1.00 in cash respectively from Wu Zunxiang and Beijing Shengyao Dingcheng Technology Co., Ltd. On Jul. 3rd, 2014, Shengyao Wireless Communication Technology (Beijing) Co., Ltd. handled the registration alteration to register that the Company held 100% of its equity.

- (2). Influence on the equity of minority shareholder and owner's equity owned by parent company by transaction:

Unit: yuan Currency: RMB	
Subsidiary name	Beijing Datang Zhicheng Software Technology Co., Ltd.
Purchasing cost/disposal consideration	
-- Cash	5,764,170.00
--Fair value of non-cash assets	
Total of purchasing cost/disposal consideration	5,764,170.00
Less: net assets share of subsidiaries computed on obtained/disposed equity ratio	3,493,126.86
Difference	2,271,043.14
Including: adjusting capital reserve	-2,271,043.14
Adjusting surplus reserve	
Adjusting retained earnings	
Subsidiary name	Shengyao Wireless Communication Technology (Beijing) Co., Ltd.
Purchasing cost/disposal consideration	
--Cash	2.00
--Fair value of non-cash assets	
Total of purchasing cost/disposal consideration	2.00
Less: net assets share of subsidiaries computed on obtained/disposed equity ratio	8,511,599.69
Difference	-8,511,597.69
Including: adjusting capital reserve	8,511,597.69
Adjusting surplus reserve	
Adjusting retained earnings	

Other remarks

3. Equity in joint ventures or associates
 (1). Important joint ventures or associates

Unit: yuan Currency: RMB

Name of joint venture or associate	Principal business premise	Registered place	Business nature	Shareholding ratio (%)		Accounting treatment method for investment in joint venture or associates
				Direct	Indirect	
Datang Telecom (Tianjin) Science and Technology Industrial Park Co., Ltd.	Tianjin	Tianjin	Real estate development and operation	49.90		Equity method
Chengdu Datang Cable Co., Ltd.	Chengdu	Chengdu	Communication	46.4785		Equity method

Explanation of shareholding ratio different from ratio of voting right in joint ventures or associates:

Basis for holding less than 20% voting rights but with significant influence, or holding 20% or more voting rights but without significant influence:

(2). Main financial information of important joint venture

Unit: yuan Currency: RMB

Datang Telecom (Tianjin) Science and Technology Industrial Park Co., Ltd.	Ending balance/amount accrued in the current period	Beginning balance/amount accrued in previous period
Current assets	125,977,631.07	141,470,534.23
Wherein: cash and cash equivalent		
Non-current assets	270,709,224.06	206,672,907.70
Total assets	396,686,855.13	348,143,441.93
Current liabilities	206,362,884.90	196,764,509.93
Non-current liabilities	107,520,547.95	60,049,315.07
Total liabilities	313,883,432.85	256,813,825.00
Minority stockholder's equity		
Equity belonging to shareholders of parent company	82,803,422.28	91,329,616.93
Net assets share computed on shareholding ratio	41,318,907.71	45,573,478.85
Adjustment events		
--Goodwill		
--Unrealized profit of internal transaction		
--Other		
Book value of equity investment in joint venture	41,318,907.71	45,573,478.84
Fair value of equity investment in joint venture with open quotation		
Operating income		
Financial cost		
Income tax expenses		
Net Profit	-8,526,194.65	-1,612,158.95
Net profit of terminated operation		
Other comprehensive income		
Total comprehensive income	-8,526,194.65	-1,612,158.95
Dividends received from joint venture in the year		

Chengdu Datang Cable Co., Ltd.	Unit: Yuan	Currency: RMB
	Ending balance/amount accrued in the current period	Beginning balance/amount accrued in previous period
Current assets	295,695,922.95	273,849,325.22
Non-current assets	83,853,897.75	83,724,160.46
Total assets	379,549,820.70	357,573,485.68
Current liabilities	196,297,463.82	194,725,219.77
Non-current liabilities	19,477,554.52	8,731,520.21
Total liabilities	215,775,018.34	203,456,739.98
Minority stockholder's equity		
Equity belonging to shareholders of parent company	163,774,802.36	154,116,745.70
Net assets share computed on shareholding ratio	76,120,071.52	71,631,151.65
Adjustment events		
--Goodwill		
--Unrealized profit of internal transaction		
--Other		
Book value of equity investment in joint venture	76,120,071.52	71,631,151.65
Fair value of equity investment in joint venture with open quotation		
Operating income	546,270,068.10	496,824,621.49
Net Profit	15,279,284.93	11,581,015.13
Net profit of terminated operation		
Other comprehensive income		
Total comprehensive income	15,279,284.93	11,581,015.13
Dividends received from joint venture in the year	2,612,662.58	

(3). Financial information summary of unimportant joint ventures and associates

	Unit: Yuan	Currency: RMB
	Ending balance/amount accrued in the current period	Beginning balance/amount accrued in previous period
Joint venture:		
Total of investing book value	107,596,953.94	79,032,436.18
Total of followings computed on shareholding ratio		
--Net profit	-9,870,535.75	-12,696,600.33
--Other comprehensive income		
--Total comprehensive income		
Associates:		
Total of investing book value		
Total of followings computed on shareholding ratio		
--Net profit		
--Other comprehensive income		

--Total comprehensive income		
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Other remarks		
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VIII. Risks Related to Financial Instruments

The Company is exposed to financial risks in its business operations including credit risk, market risk, and liquidity risk. The Company's management is fully responsible for the objectives of risk management and making policies, and takes ultimate responsibility for risk management and policies. By reviewing monthly reports from different functional departments, management examines effectiveness of procedures performed and reasonableness of risk management objectives and policies. The Company's internal auditor also designs risk management policies and procedures, and submits relevant findings to the Audit Committee.

The Company's overall objective of risk management is to make risk management policies to minimize risks without excessively affecting the Company's competitiveness and flexibility.

(I) Credit risk

Credit risk is the risk of loss for one party of financial instrument due to the other party's non-performance of the obligations. Major credit risk facing the Company is customer credit risk associated with credit sales. Before new contracts are entered, the Company assesses credit risks for new customers including obtaining external credit rating or bank credibility letter under certain circumstances (if obtainable). The Company sets up a credit limit for every customer, which is the maximum amount without obtaining additional approval.

The Company takes measures such as monitoring customers' credit rating on a quarterly basis and review of aging analysis of accounts receivable on a monthly basis to ensure the Company's overall credit risk is controllable. When monitoring credit ratings, the Company puts customers into different groups by credit characteristics. Customers with a "high-risk" rating will be placed into a list of restricted customer. Only when additional approval is obtained will the Company allows credit sales to high-risk customers in the future. Otherwise, prepayments will be required.

(II) Market risk

Financial instrument's market risk refers to the risk of loss arising from changes in fair values or future cash flows due to volatility of financial market prices. Market risks include interest rate risks, foreign currency risks and other prices risks.

(1) Interest rate risk

Interest rate risk refers to the risk of loss arising from changes in fair values or future cash flows due to change of market interest prices. Major interest rate risks facing the Company are from short-term and long-term bank borrowings as well as bonds payable. By means of maintaining appropriate business relationships with banks and proper design of credit line, credit type and credit term, the Company ensures to obtain sufficient credit line from the banks to satisfy the Company's various short-term financing needs. In addition, the Company lowers the risk of interest rate fluctuation by shortening borrowing period for individual borrowings and specifying advance repayment terms.

(2) Foreign exchange risk

Foreign currency risk refers to the risk of loss arising from changes in fair values or future cash flows due to change of foreign exchange rates. The Company seeks to lower foreign currency risk by matching to the extent possible the receipt and disbursement of foreign currencies. In addition, forward exchange contracts or currency swap contracts may be used to control foreign exchange risk.

Major foreign currency risk facing the Company result from the Company's financial assets and liabilities dominated in US dollar, Euro, Hong Kong dollar, Japan yen, and new Taiwan dollar. The conversion of financial assets and financial liabilities in foreign currency into RMB is shown as follows:

Item	Balance at the end of the period			Year-beginning balance		
	USD	Other foreign currency	Total	USD	Other foreign currency	Total
Cash and cash equivalents	17,319,316.84		105,976,899.04	10,720,649.68		65,362,729.06
Receivables	50,637,920.13		309,853,433.27	45,997,109.98		280,439,779.81
Advances to suppliers	1,950,643.95		11,935,990.33	7,600,686.99		46,340,628.56
Accounts payable	31,286,496.24		191,442,070.48	26,095,467.05		159,101,453.06
Advances from customers	804,782.59		4,924,464.66	331,259.70		2,019,657.27
Other receivables	272,790.05		1,669,202.30	140,551.50		856,928.41
Other payables	179,626.87		1,099,136.85	5,580,738.41		34,025,204.04
Short-term borrowing	38,000,692.17		232,526,235.39	59,193,280.00		360,895,508.83
Cash and cash equivalents		2,262,793.86	804,085.96		1,350,058.19	193,832.36
Receivables		298,276.40	74,773.64			
Advances to suppliers		40,208.21	8,872.70			
Accounts payable		248,032.57	520,526.79			
Advances from customers		27,577.40	23,270.99			
Other receivables		34.57	27.27			
Other payables		452,500.00	88,735.25			

As at Dec. 31, 2014, with all other variables remaining unchanged, if RMB against USD dollar appreciates or depreciates by 5%, the Company's net profit would decrease or increase by RMB 27,819.12 (by RMB 8,152,087.87 as at Dec. 31, 2013). Management believes that 5% reflects a reasonable range for possible movement of RMB against USD dollar in the next accounting period.

(III) Liquidity risk

Liquidity risk is the risk that a company does not possess sufficient funds to settle its obligations through cash or other financial assets. The Company's policy is to maintain adequate cash to pay mature debts. The liquidity risk is managed under centralized control by the finance department. The department takes measures such as monitoring cash balances and marketable securities that can be turned into cash freely and maintaining the rolling forecast of next 12 months' cash flows to ensure availability of sufficient funds under all reasonable forecasts to pay its debts.

The financial liabilities of the Company in undiscounted contractual cash flow by due date are shown as follows:

Item	Balance at the end of the period					
	Within 1 year	1-2 years	2-3 years	3-5 years	More than 5 years	Total
Short-term borrowing	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
Advances from customers	302,765,733.81					302,765,733.81
Other payables	285,204,241.63					283,739,241.63
Total	5,819,258,464.86					5,817,793,464.86

Item	Year-beginning balance					
	Within 1 year	1-2 years	2-3 years	3-5 years	More than 5 years	Total
Short-term borrowing	4,737,804,971.63					4,737,804,971.63
Notes payable	933,797,849.27					933,797,849.27
Accounts payable	1,646,409,715.91					1,646,409,715.91
Advances from customers	274,348,801.52					274,348,801.52
Other payables	210,125,029.60					210,125,029.60
Total	7,802,486,367.93					7,802,486,367.93

IX. Party and associated transaction

1. Parent company of the Company

Name of parent company	Registered place	Business nature	Registered Capital	Shareholding ratio of the Company by the parent company (%)	Ratio of voting rights of the parent company over the Company (%)
Research Institute of Telecommunications Technology	Beijing	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 (excl. those with special regulations by the state); technology development and technology services of communication, network, E-commerce, information security and radio and TV; industrial investment, investment management and consultation.	7,718,820,400 yuan	21.31	21.31

The ultimate controlling party of the Company is China Academy of Telecommunications Technology.

2. Subsidiaries of the Company

Refer to Notes “VII. Equity in other entities” for more information about the subsidiaries of the Company.

3. Joint ventures and associates of the Company

Refer to Notes “VII. Equity in other entities” for more information about the important joint ventures or associates.

4. Other affiliates

Name of other affiliate	Relationship between other affiliate and the Company
Datang Telecom Technology International Co., Ltd.	Holding subsidiaries of parent company
Xi'an Cuihua Communication Technology Co., Ltd.	Holding subsidiaries of parent company
Shanghai Yuandongli Communication Technology Co., Ltd.	Holding subsidiaries of parent company
Shanghai DS Communication Equipment Co., Ltd.	Holding subsidiaries of parent company
Datang Mobile Communications Equipment Co., Ltd.	Holding subsidiaries of parent company

Datang Investment Holdings Development (Shanghai) Co., Ltd.	Holding subsidiaries of parent company
Datang Lianyi Science and Technology Co., Ltd.	Holding subsidiaries of parent company
Datang Telecom Technology International (HK) Co., Ltd.	Holding subsidiaries of parent company
Chengdu Tairui Communication Equipment Examination Co., Ltd.	Wholly-owned subsidiaries of parent company
China National Radio Spectrum Management Institute	Wholly-owned subsidiaries of parent company
Telecom Technology Instrument Research Institute	Wholly-owned subsidiaries of parent company
The Fifth Research Institute of Telecommunications Technology	Wholly-owned subsidiaries of parent company
The Fourth Research Institute of Telecommunications Technology	Wholly-owned subsidiaries of parent company
The First Research Institute of Telecommunications Technology	Holding subsidiaries of parent company
Datang Liancheng Information System Technology Co., Ltd.	Holding subsidiaries of parent company
Gohigh Data Network Technology Co., Ltd.	Wholly-owned subsidiaries of parent company
Datang Telecom Group Finance Co., Ltd.	Wholly-owned subsidiaries of parent company
Beijing Datang Carera Investment Co.	Wholly-owned subsidiaries of parent company
Research Institute of Data Communication Technologies	Wholly-owned subsidiaries of parent company
Semiconductor Manufacturing International Corporation	Other
Guangzhou Rising Micro Electronics Co., Ltd.	Other
Beijing Datang Yongsheng Technology Development Co., Ltd.	Other
Datang High-Tech Venture Capital Co., Ltd.	Other
Qidong Uniscope Electronics Co., Ltd.	A shareholder's subsidiary
Datang Telecom Technology Industry Holdings Co., Ltd.	A shareholder's subsidiary

5. Connected transaction

(1). Connected transaction of goods purchasing and sales, rendering and receiving of services
Goods purchasing/receiving of services

		Unit: Yuan	Currency: RMB
Related party	Contents of affiliate transaction	Amount incurred in current period	Amount incurred in previous period
Datang Mobile Communications Equipment Co., Ltd.	Purchase of commodities	11,993,896.13	12,643,100.57
Gohigh Data Network Technology Co., Ltd.	Purchase of commodities	2,520,062.09	12,731,021.31
Shanghai DS Communication Equipment Co., Ltd.	Purchase of commodities	2,713,473.53	1,183,658.98
Semiconductor Manufacturing International Corporation	Purchase of commodities	92,337,131.07	92,396,911.89
Datang International Technology (H.K.) Co., Ltd.	Purchase of commodities	281,497,269.43	154,536,264.90
Research Institute of Telecommunications Technology	Purchase of commodities		14,800,000.00
Chengdu Datang Cable Co., Ltd.	Purchase of commodities	74,790,032.62	104,187,652.63

Related party	Contents of affiliate transaction	Amount incurred in current period	Amount incurred in previous period
The First Research Institute of Telecommunications Technology	Purchase of commodities	2,641,509.43	3,820,754.72
Datang Lianyi Science and Technology Co., Ltd.	Purchase of commodities	5,661,538.46	9,663,247.89
Xi'an Datang Monitoring Technology Co., Ltd.	Purchase of commodities	755.47	
Beijing Datang Carera Investment Co.	Acceptance of labor service	1,728.00	
Research Institute of Data Communication Technologies	Acceptance of labor service	713,664.36	894,104.83
Research Institute of Telecommunications Technology	Acceptance of labor service	24,198,459.91	1,120,485.00
Datang Mobile Communications Equipment Co., Ltd.	Acceptance of labor service	534,339.62	836,792.46
Datang Telecom Technology Industry Holdings Co., Ltd.	Acceptance of labor service	255,377.91	1,709,552.64
Chengdu Tairui Communication Equipment Co., Ltd.	Acceptance of labor service	12,641.51	94,339.62
Gohigh Data Network Technology Co., Ltd.	Acceptance of labor service	1,300.00	14,963,000.00
The Fifth Research Institute of Telecommunications Technology	Acceptance of labor service		2,356,008.74
The First Research Institute of Telecommunications Technology	Acceptance of labor service	1,566,245.29	1,207,547.17
China National Radio Spectrum Management Institute	Acceptance of labor service	48,000.00	
Research Institute of Data Communication Technologies	Acceptance of labor service	3,076.92	4,717.95
Semiconductor Manufacturing International Corporation	Acceptance of labor service	1,021,609.46	3,706,117.07
Datang Lianyi Science and Technology Co., Ltd.	Acceptance of labor service	717,948.72	

Goods sales/rendering of services

Unit: Yuan Currency: RMB

Related party	Contents of affiliate transaction	Amount incurred in current period	Amount incurred in previous period
Datang Telecom Technology Industry Holdings Co., Ltd.	Commodities sales	840,730.76	17,036,538.46
Datang Mobile Communications Equipment Co., Ltd.	Commodities sales	7,457,320.92	25,723,089.59
Gohigh Data Network Technology Co., Ltd.	Commodities sales	9,133,973.71	1,000,881.78
Datang Telecom Technology International Co., Ltd.	Commodities sales	492,333,412.48	252,774,108.53
Datang International Technology (H.K.) Co., Ltd.	Commodities sales	295,438,531.04	158,156,699.48
Research Institute of Data Communication Technologies	Commodities sales	77,899,470.19	60,520,004.27
Datang Liancheng Information System Technology Co., Ltd.	Commodities sales	7,814,696.58	2,679,357.03
The Fifth Research Institute	Commodities	55,316.24	314,295.73

Related party	Contents of affiliate transaction	Amount incurred in current period	Amount incurred in previous period
of Telecommunications Technology	sales		
The Tenth Research Institute of Telecommunications Technology	Commodities sales	1,717,998.30	1,959,223.29
The First Research Institute of Telecommunications Technology	Commodities sales		3,754,716.98
Xi'an Datang Monitoring Technology Co., Ltd.	Commodities sales	967,048.17	
Research Institute of Telecommunications Technology	Commodities sales	64,603.42	539,339.63
Guangzhou Rising Micro Electronics Co., Ltd.	Commodities sales		7,136.75
Datang Lianyi Science and Technology Co., Ltd.	Commodities sales		5,150,000.00
The First Research Institute of Telecommunications Technology	Rendering of services	3,867,924.53	1,539,622.64
Research Institute of Telecommunications Technology	Rendering of services	263,017.08	1,443,977.85
Datang Mobile Communications Equipment Co., Ltd.	Rendering of services	500,000.00	9,743.60
The Tenth Research Institute of Telecommunications Technology	Rendering of services		20,000.00
Datang Liancheng Information System Technology Co., Ltd.	Rendering of services	30,366,037.74	
Datang Telecom Technology Industry Holdings Co., Ltd.	Rendering of services	569,000,000.00	

(2). Affiliates' capital borrowing and lending

Unit: Yuan Currency: RMB

Related party	Amount borrowed/lent	Starting date	Due date	Remark
Borrowing				
Datang Telecom Group Finance Co., Ltd.	40,000,000.00	2013-1-11	2014-1-10	
Datang Telecom Group Finance Co., Ltd.	35,000,000.00	2013-1-18	2014-1-17	
Datang Telecom Group Finance Co., Ltd.	25,000,000.00	2013-1-23	2014-1-22	
Datang Telecom Group Finance Co., Ltd.	30,000,000.00	2013-2-4	2014-2-3	
Datang Telecom Group Finance Co., Ltd.	20,000,000.00	2013-2-17	2014-2-16	
Datang Telecom Group Finance Co., Ltd.	50,000,000.00	2013-11-5	2014-11-4	
Datang Telecom Group Finance Co., Ltd.	50,000,000.00	2013-11-8	2014-10-7	
Datang Telecom Group Finance Co., Ltd.	50,000,000.00	2013-11-18	2014-7-17	

Related party	Amount borrowed/lent	Starting date	Due date	Remark
Datang Telecom Group Finance Co., Ltd.	10,000,000.00	2013-12-9	2014-12-8	
Datang Telecom Group Finance Co., Ltd.	50,000,000.00	2013-12-19	2014-5-18	
Datang Telecom Group Finance Co., Ltd.	45,000,000.00	2013-12-23	2014-12-22	
Datang Telecom Group Finance Co., Ltd.	50,000,000.00	2013-12-24	2014-10-23	
Datang Telecom Group Finance Co., Ltd.	50,000,000.00	2013-12-25	2014-12-24	
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	
Research Institute of Telecommunications Technology	130,000,000.00	2013-6-13	2014-6-12	
Research Institute of Telecommunications Technology	140,000,000.00	2013-6-17	2014-6-16	
Research Institute of Telecommunications Technology	80,000,000.00	2013-10-23	2014-10-22	
Datang Science & Technology Industry Holding Co., Ltd.	40,000,000.00	2013-8-15	2014-8-14	
Datang Science & Technology Industry Holding Co., Ltd.	48,000,000.00	2013-8-16	2014-8-15	
Datang Science & Technology Industry Holding Co., Ltd.	50,000,000.00	2013-8-20	2014-8-19	
Datang Science & Technology Industry Holding Co., Ltd.	43,000,000.00	2013-8-22	2014-8-21	
Datang Science & Technology Industry Holding Co., Ltd.	39,000,000.00	2013-8-26	2014-8-25	
Datang Science & Technology Industry Holding Co., Ltd.	45,000,000.00	2013-8-28	2014-8-27	
Datang Science & Technology Industry Holding Co., Ltd.	67,000,000.00	2013-8-30	2014-8-29	
Datang Science & Technology Industry Holding Co., Ltd.	35,000,000.00	2013-8-30	2014-8-29	
Datang Science & Technology Industry Holding Co., Ltd.	46,000,000.00	2013-9-6	2014-9-5	
Datang Science & Technology Industry Holding Co., Ltd.	47,000,000.00	2013-9-9	2014-9-8	
Datang Science & Technology Industry Holding Co., Ltd.	39,000,000.00	2013-9-10	2014-9-9	
Datang Science &	43,000,000.00	2013-9-16	2014-9-15	

Related party	Amount borrowed/lent	Starting date	Due date	Remark
Technology Industry Holding Co., Ltd.				
Datang Science & Technology Industry Holding Co., Ltd.	45,000,000.00	2013-9-17	2014-9-16	
Datang Science & Technology Industry Holding Co., Ltd.	30,000,000.00	2013-10-25	2014-10-24	
Datang Telecom Group Finance Co., Ltd.	40,000,000.00	2013-2-22	2014-2-21	
Datang Telecom Group Finance Co., Ltd.	30,000,000.00	2013-11-26	2014-11-25	
Datang Telecom Technology International (HK) Co., Ltd.	33,876,863.36	2013-11-1	2014-3-31	
Datang Telecom Group Finance Co., Ltd.	100,000,000.00	2013-5-15	2014-5-14	
Datang Telecom Group Finance Co., Ltd.	40,000,000.00	2013-6-21	2014-6-20	
Datang Telecom Group Finance Co., Ltd.	20,000,000.00	2013-10-31	2014-10-30	
Datang Telecom Group Finance Co., Ltd.	20,000,000.00	2013-12-9	2014-6-8	
Datang Telecom Group Finance Co., Ltd.	30,000,000.00	2013-12-25	2014-4-24	
Datang Telecom Group Finance Co., Ltd.	20,000,000.00	2013-12-27	2014-3-26	
Datang Telecom Group Finance Co., Ltd.	30,000,000.00	2014-2-19	2014-3-18	
Datang Telecom Group Finance Co., Ltd.	45,000,000.00	2014-2-19	2014-3-18	
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.	30,000,000.00	2014-6-19	2014-8-18	
Datang Telecom Group Finance Co., Ltd.	10,000,000.00	2014-6-19	2015-6-18	
Datang Telecom Group Finance Co., Ltd.	5,000,000.00 USD	2014-6-25	2014-9-15	
Datang Telecom Group Finance Co., Ltd.	30,000,000.00	2014-7-14	2014-10-13	
Datang Telecom Group Finance Co., Ltd.	30,000,000.00	2014-11-27	2015-11-26	
Research Institute 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	
Research Institute of Telecommunications	177,000,000.00	2014-7-31	2018-7-30	

Related party	Amount borrowed/lent	Starting date	Due date	Remark
Technology				
Research Institute of Telecommunications Technology	50,000,000.00	2014-7-31	2018-7-30	
Research Institute of Telecommunications Technology	195,000,000.00	2014-8-4	2018-8-3	
Research Institute of Telecommunications Technology	82,000,000.00	2014-9-2	2018-9-1	
Research Institute of Telecommunications Technology	45,000,000.00	2014-9-9	2018-9-8	
Research Institute of Telecommunications Technology	30,000,000.00	2014-11-2	2018-11-1	
Datang Telecom Group Finance Co., Ltd.	30,000,000.00	2014-9-2	2014-11-24	
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	2015-11-5	
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 Technology Industry Holdings Co., Ltd.	100,000,000.00	2014-4-30	2014-7-29	
Research Institute of Telecommunications Technology	140,000,000.00	2014-5-6	2014-8-5	
Research Institute of Telecommunications Technology	180,000,000.00	2014-9-24	2015-9-23	
Datang Telecom Technology Industry Holdings Co., Ltd.	100,000,000.00	2014-7-16	2014-8-15	
Datang Telecom Group Finance Co., Ltd.	30,000,000.00	2014-1-23	2014-11-5	
Datang Telecom Group Finance Co., Ltd.	50,000,000.00	2014-10-15	2014-12-31	
Datang Telecom Group Finance Co., Ltd.	50,000,000.00	2014-8-13	2014-11-5	
Datang Telecom Group Finance Co., Ltd.	50,000,000.00	2014-10-22	2014-12-31	
Datang Telecom Group Finance Co., Ltd.	50,000,000.00	2014-10-23	2014-12-31	
Datang Telecom Group Finance Co., Ltd.	45,000,000.00	2014-10-24	2014-12-31	

Interest paid to affiliates' capital

Related party	Amount incurred in	Amount incurred in
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	current period	previous period
Datang Telecom Technology Industry Holdings Co., Ltd.	4,143,199.99	34,515,594.52
Datang Telecom Group Finance Co., Ltd.	69,291,119.98	56,429,171.13
Research Institute of Telecommunications Technology	30,579,441.80	45,904,551.09
Datang International Technology (H.K.) Co., Ltd.	788,521.49	1,116,512.93
The First Research Institute of Telecommunications Technology		945,166.67
Total	104,802,283.26	138,910,996.34

Interest collected from affiliates' capital

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

(3). Affiliates' asset transfer

Unit: Yuan Currency: RMB

Related party	Contents of affiliate transaction	Amount incurred in current period	Amount incurred in previous period
Datang Telecom Technology Industry Holdings Co., Ltd.	Sales of intangible assets	154,000,000.00	

(4) Remuneration of key managing persons

Unit: 10,000 yuan Currency: RMB

Item	Amount incurred in current period	Amount incurred in previous period
Remuneration of key managing persons	835.34	769.47

(5) Other connected transaction

Related party	Contents of affiliate transaction	Amount incurred in current period	Amount incurred in previous period
Research Institute of Telecommunications Technology	Fees of renting, water, electricity, property management, etc.	977,518.00	3,414,776.16
Beijing Datang Carera Investment Co.	Fees of renting, water, electricity, property management, etc.	452,715.83	1,158,372.47
Datang Investment Holdings Development (Shanghai) Co., Ltd.	Fees of renting, water, electricity, property management, etc.	270,975.00	215,934.00
Datang Telecom Technology Industry Holdings Co., Ltd.	Fees of renting, water, electricity, property management, etc.		106,000.00
The Fifth Research Institute of Telecommunications Technology	Fees of renting, water, electricity, property management, etc.	223,236.00	542,826.85
The First Research Institute of Telecommunications Technology	Fees of renting, water, electricity, property management, etc.		214,009.43
Total		1,924,444.83	5,651,918.91

6. Receivables/payables of affiliates

(1). Receivables

Unit: yuan Currency: RMB

Project name	Related party	Balance at the end of the period		Balance at the beginning of the period	
		Book balance	Allowance for bad debts	Book balance	Allowance for bad debts
Receivables					
	Datang Telecom Technology International Co., Ltd.	24,271,312.11	121,356.56	71,765,616.01	358,828.08
	Datang Telecom Technology International (HK) Co., Ltd.	22,113,885.23	110,569.43	41,241,387.31	206,206.94
	Datang Mobile Communications Equipment Co., Ltd.	24,616,519.55	1,118,783.38	26,762,285.96	334,411.87
	Datang Liancheng Information System Technology Co., Ltd.	43,014,881.00	1,070,339.62	24,326,518.95	381,488.36

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Project name	Related party	Balance at the end of the period		Balance at the beginning of the period	
		Book balance	Allowance for bad debts	Book balance	Allowance for bad debts
	Gohigh Data Network Technology Co., Ltd.	14,974,723.71	302,384.47	11,152,035.86	116,024.63
	The Tenth Research Institute of Telecommunications Technology	14,846,080.40	5,940,842.49	16,642,793.64	2,971,523.23
	The Fourth Research Institute of Telecommunications Technology	443,367.00	221,683.50	443,367.00	133,010.10
	Guangzhou Rising Micro Electronics Co., Ltd.	433,345.73	21,667.29	433,345.73	8,666.91
	The Fifth Research Institute of Telecommunications Technology	754,325.00	104,241.82	689,605.00	17,932.58
	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	17,500.00	35,000.00	10,500.00
	Xi'an Cuihua Communication Technology Co., Ltd.	10,810.00	10,810.00	10,810.00	10,810.00
	Institute for Data Communication Science & Technology	60,000,000.00	300,000.00	224,023.50	1,120.12
	China Academy of Telecommunications Technology			162,400.00	812.00
	Datang Science & Technology Industry Holding Co., Ltd.	290,388,750.00	1,511,943.75	4,321,870.00	21,609.35
	Xi'an Datang Monitoring Technology Co., Ltd.	1,410,342.43	702,694.88		
	The First Research Institute of Telecommunications Technology	900,000.00	4,500.00		
Notes receivable					
	Institute for Data Communication Science & Technology			52,500,000.00	
	Datang Mobile Communications Equipment Co., Ltd.	293,300.00			
	The Tenth Research Institute of Telecommunications Technology	500,000.00			
Advances to suppliers					
	Datang (Tianjin) Science & Technology Industrial Park Co., Ltd.	123,616,640.00		123,616,640.00	
	China Academy of Telecommunications Technology	974,000.00	4,870.00	531,000.00	2,655.00
	Telecom Technology Instrument Research Institute	654,255.00	13,085.10	654,255.00	3,271.28
	Gohigh Data Network Technology Co., Ltd.	40,000.00	12,000.00	40,000.00	2,000.00
	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	12,628.00	631,399.99	3,157.00
	Semiconductor Manufacturing International Corporation	41,609.20	208.05	36,004.16	180.02
	Datang Mobile Communications Equipment Co., Ltd.			24,500.00	122.50
	Datang Telecom Technology Industry Holdings Co., Ltd.			200,000.00	1,000.00
	Datang Lianyi Science and Technology Co., Ltd.			500,000.00	2,500.00

Project name	Related party	Balance at the end of the period		Balance at the beginning of the period	
		Book balance	Allowance for bad debts	Book balance	Allowance for bad debts
Other receivable					
	Gohigh Data Network Technology Co., Ltd.	1,548,683.81	29,088.18	2,206,873.81	10,169.37
	Semiconductor Manufacturing International Corporation	14,344.18	286.88	172,740.97	863.70
	Datang Investment Co., Ltd.			15,865.58	79.33
	Beijing Datang Science & Technology Development Co., Ltd.	139,169.24	5,783.38	139,169.24	695.85
	Xi'an Datang Monitoring Technology Co., Ltd.	7,159,279.82	104,183.81		
Dividends receivable					
	Datang High-Tech Venture Capital Co., Ltd.			111,731.12	
	Chengdu Datang Cable Co., Ltd.	2,612,662.58			

(2). Payables

Unit: yuan Currency: RMB

Project name	Related party	Ending book balance	Beginning book balance
Accounts payable			
	Datang Mobile Communications Equipment Co., Ltd.	7,220,438.34	17,934,452.65
	Chengdu Datang Cable Co., Ltd.	35,884,173.16	79,775,759.27
	Shanghai DS Communication Equipment Co., Ltd.	4,608,936.99	1,937,987.95
	Semiconductor Manufacturing International Corporation	5,441,204.30	13,138,848.45
	The Fifth Research Institute of Telecommunications Technology	510,868.90	510,868.90
	Institute for Data Communication Science & Technology	380,300.00	380,300.00
	Gohigh Data Network Technology Co., Ltd.	1,733,762.00	2,104,235.00
	Xi'an Cuihua Communication Technology Co., Ltd.	2,252,721.95	2,252,721.95
	The Fourth Research Institute of Telecommunications Technology	157,291.98	157,291.98
	The Tenth Research Institute of Telecommunications Technology	7,501.05	7,501.05
	Datang Telecom Technology International (HK) Co., Ltd.	34,062,493.20	72,238,527.03
	Datang Lianyi Science and Technology Co., Ltd.	4,104,130.00	
	The First Research Institute of Telecommunications Technology	500,000.00	
	Xi'an Datang Monitoring Technology Co., Ltd.	1,700,127.57	
Notes payable			
	Datang Mobile Communications Equipment Co., Ltd.	295,008.00	10,312,000.00
	Semiconductor Manufacturing International Corporation	30,015,768.51	28,602,419.63
	China Academy of	3,342,847.76	

Project name	Related party	Ending book balance	Beginning book balance
	Telecommunications Technology		
Other payables			
	Datang Investment Co., Ltd.		42,970,582.72
	Datang International Technology (H.K.) Co., Ltd.		33,876,863.36
	Beijing Datang Science & Technology Development Co., Ltd.	2,619,817.07	6,178,909.74
	Beijing Datang Carera Investment Co.		754,135.97
	Datang Science & Technology Industry Holding Co., Ltd.	2,888,644.44	
	Chengdu Datang Cable Co., Ltd.	1,871,656.67	1,818,856.67
	Institute for Data Communication Science & Technology	1,607,769.19	894,104.83
	China Academy of Telecommunications Technology	1,712,493.97	3,906,375.50
	The Fifth Research Institute of Telecommunications Technology		
	Datang Mobile Communications Equipment Co., Ltd.	567,118.00	47,341.50
	Qidong Uniscope Electronics Co., Ltd.		3,317,511.08
	The Tenth Research Institute of Telecommunications Technology	3,529.67	3,529.67
	Gohigh Data Network Technology Co., Ltd.	100,000.00	100,000.00
	Xi'an Datang Monitoring Technology Co., Ltd.	1,774,622.91	
Advances from customers			
	Datang Mobile Communications Equipment Co., Ltd.	294.16	469,848.16
	Institute for Data Communication Science & Technology	184,050.00	50.00
	Datang Telecom Technology International Co., Ltd.		89,880.00
Long-term payables			
	China Academy of Telecommunications Technology	879,000,000.00	
	Datang Science & Technology Industry Holding Co., Ltd.	88,000,000.00	

X. Share-based Payment

1. Overall condition of share-based payment
☐Applicable ☒N/A
2. Overall condition of equity-settled share-based payment
☐Applicable ☒N/A
3. Cash-settled share-based payment
☐Applicable ☒N/A

XI. Commitments and Contingencies

1. Important commitments

On Feb. 17, 2011, the resolution of the company's interim meeting of shareholders passed the Proposal on Buying the Office Building in Tianjin Industrial Park, and agreed that the company buys one office building of Datang (Tianjin) Technology Co., Ltd. located in the Airport Logistics Processing Area of Tianjin Free Trade Zone, with a total area of about 32000m², at a price of RMB 176,600,000.00. As of Dec. 31, 2014, the amount for buying the building RMB 123,616,640.00 has been paid, and it is expected to complete all interior decoration in 2015, and deliver for acceptance. After acceptance, the company will pay the remaining amount RMB 52,978,560.00.

On Mar. 27, 2014, the 14th session of the 6th board meeting examined and passed the Proposal on Datang NXP Buying Intellectual Property Rights of Auto Electronic Products and Relevant Rights and Interests, and agreed that the company's holding subsidiary Datang NXP Semiconductors N. V. (hereinafter referred to as Datang NXP) and NXP B.V. (hereinafter referred to as NXP) and affiliated companies sign relevant transfer agreement, and Datang NXP buys intellectual property rights of auto electronic products and relevant rights and interests from NXP and relevant affiliated companies for subsequent R & D and industrialization, with a transaction price not more than USD 66 million. As of Dec. 31, 2014, the transfer of intellectual property rights of auto electronic products and relevant rights and interests of USD 13.5 million has been completed, and the remaining is expected to be completed in 2 years on the basis of subsequent R & D.

2. Contingencies

(1). About the guarantee provided by the company to the subsidiary or between subsidiaries

Unit: Yuan Currency: RMB				
Secured party	Guaranteed amount	Starting date of guarantee	Expiring date of guarantee	Whether all guarantees are fulfilled
Datang Software Technologies Co., Ltd.	40,000,000.00	2014-2-13	2015-2-12	No
Datang Software Technologies Co., Ltd.	50,000,000.00	2014-3-19	2015-3-18	No
Datang Software Technologies Co., Ltd.	20,000,000.00	2014-4-25	2015-4-25	No
Datang Software Technologies Co., Ltd.	20,000,000.00	2014-5-9	2015-2-6	No
Datang Software Technologies Co., Ltd.	50,000,000.00	2014-5-23	2015-5-23	No
Datang Software Technologies Co., Ltd.	20,000,000.00	2014-8-29	2015-8-28	No
Datang Software Technologies Co., Ltd.	80,000,000.00	2014-8-29	2015-2-27	No

Secured party	Guaranteed amount	Starting date of guarantee	Expiring date of guarantee	Whether all guarantees are fulfilled
Datang Software Technologies Co., Ltd.	20,000,000.00	2014-9-18	2015-2-27	No
Datang Software Technologies Co., Ltd.	1,267,075.00	2014-7-10	2015-1-10	No
Datang Software Technologies Co., Ltd.	382,075.00	2014-7-10	2015-1-10	No
Datang Software Technologies Co., Ltd.	5,000,000.00	2014-8-11	2015-2-11	No
Datang Software Technologies Co., Ltd.	5,000,000.00	2014-8-11	2015-2-11	No
Datang Software Technologies Co., Ltd.	11,585,000.00	2014-8-13	2015-2-13	No
Datang Software Technologies Co., Ltd.	1,267,075.00	2014-10-20	2015-4-20	No
Datang Software Technologies Co., Ltd.	903,000.00	2014-11-4	2015-5-4	No
Datang Software Technologies Co., Ltd.	111,701.52	2014-11-27	2015-2-27	No
Datang Software Technologies Co., Ltd.	5,418,000.00	2014-12-11	2015-6-11	No
Datang Software Technologies Co., Ltd.	393,750.00	2012-8-23	2017-10-19	No
Datang Software Technologies Co., Ltd.	218,750.00	2012-8-23	2017-10-19	No
Datang Software Technologies Co., Ltd.	79,000.00	2013-3-13	2016-12-30	No
Datang Software Technologies Co., Ltd.	85,000.00	2013-6-8	2017-6-28	No
Datang Software Technologies Co., Ltd.	526,923.60	2013-12-26	2017-12-26	No
Datang Software Technologies Co., Ltd.	1,211,987.40	2014-1-26	2015-3-23	No
Datang Software Technologies Co., Ltd.	1,211,987.40	2014-1-26	2016-3-23	No
Datang Software Technologies Co., Ltd.	1,211,987.40	2014-1-26	2017-3-23	No
Datang Software Technologies Co., Ltd.	1,211,987.40	2014-1-26	2018-3-23	No
Datang Software Technologies Co., Ltd.	1,211,987.40	2014-1-26	2019-3-23	No
Datang Software Technologies Co., Ltd.	206,917.48	2014-2-19	2015-1-20	No
Datang Software Technologies Co., Ltd.	238,000.00	2014-3-13	2016-4-7	No
Datang Software Technologies Co., Ltd.	210,780.00	2014-4-17	2015-4-30	No
Datang Software Technologies Co., Ltd.	436,800.00	2014-5-16	2015-2-27	No
Datang Software Technologies Co., Ltd.	53,277.60	2014-6-24	2016-5-29	No
Datang Software Technologies Co., Ltd.	109,741.90	2014-6-24	2016-5-29	No
Datang Software Technologies Co., Ltd.	231,433.90	2014-6-24	2016-5-29	No
Datang Software Technologies Co., Ltd.	120,098.70	2014-6-24	2016-5-29	No

Secured party	Guaranteed amount	Starting date of guarantee	Expiring date of guarantee	Whether all guarantees are fulfilled
Datang Software Technologies Co., Ltd.	119,401.60	2014-6-24	2016-5-29	No
Datang Software Technologies Co., Ltd.	237,781.40	2014-6-24	2016-5-29	No
Datang Software Technologies Co., Ltd.	14,400.00	2014-6-24	2017-1-31	No
Datang Software Technologies Co., Ltd.	1,247,585.50	2013-10-24	2015-10-17	No
Datang Software Technologies Co., Ltd.	70,000.00	2014-9-18	2015-3-19	No
Datang Software Technologies Co., Ltd.	133,529.76	2014-10-11	2015-12-31	No
Datang Software Technologies Co., Ltd.	30,800.00	2014-10-11	2015-5-29	No
Datang Software Technologies Co., Ltd.	24,080.00	2014-10-11	2015-4-30	No
Datang Software Technologies Co., Ltd.	140,000.00	2014-10-11	2015-9-11	No
Datang Software Technologies Co., Ltd.	49,000.00	2014-10-11	2015-3-7	No
Datang Software Technologies Co., Ltd.	560,000.00	2014-11-22	2015-3-23	No
Datang Software Technologies Co., Ltd.	20,000.00	2014-11-26	2015-3-31	No
Datang Software Technologies Co., Ltd.	560,000.00	2014-12-13	2015-5-15	No
Datang Software Technologies Co., Ltd.	560,000.00	2014-12-13	2015-5-15	No
Datang Software Technologies Co., Ltd.	560,000.00	2014-12-13	2015-5-15	No
Datang Software Technologies Co., Ltd.	50,400.00	2014-12-13	2015-5-15	No
Datang Software Technologies Co., Ltd.	35,000.00	2014-12-29	2015-6-27	No
Datang Software Technologies Co., Ltd.	140,000.00	2014-12-29	2015-6-27	No
Shanghai Puge Electronics Co., Ltd.	68,866,765.70	2014-9-12	2015-3-11	No
Shanghai Puge Electronics Co., Ltd.	48,811,628.61	2014-7-22	2015-1-22	No
Shanghai Puge Electronics Co., Ltd.	30,988,300.66	2014-9-12	2015-5-31	No
Shanghai Puge Electronics Co., Ltd.	36,522,090.52	2014-9-4	2015-9-3	No
Jiangsu I-front Science & Technology Co., Ltd	30,000,000.00	2014-6-19	2015-6-18	No
Jiangsu I-front Science & Technology Co., Ltd	20,000,000.00	2014-2-14	2015-2-14	No
Jiangsu I-front Science & Technology Co., Ltd	10,000,000.00	2014-2-21	2015-2-21	No
Jiangsu I-front Science & Technology Co., Ltd	10,000,000.00	2014-4-8	2015-4-7	No
Jiangsu I-front Science & Technology Co., Ltd	20,000,000.00	2014-6-19	2015-6-18	No
Jiangsu I-front Science & Technology Co., Ltd	20,000,000.00	2014-6-25	2015-6-24	No

Secured party	Guaranteed amount	Starting date of guarantee	Expiring date of guarantee	Whether all guarantees are fulfilled
Jiangsu I-front Science & Technology Co., Ltd	8,000,000.00	2014-8-8	2015-7-15	No
Jiangsu I-front Science & Technology Co., Ltd	10,000,000.00	2014-9-26	2015-9-19	No
Jiangsu I-front Science & Technology Co., Ltd	435,000.00	2014-11-26	2015-02-25	No
Jiangsu I-front Science & Technology Co., Ltd	210,000.00	2014-11-26	2015-02-25	No
Jiangsu I-front Science & Technology Co., Ltd	315,000.00	2014-11-26	2015-02-25	No
Jiangsu I-front Science & Technology Co., Ltd	112,000.00	2014-11-26	2015-02-25	No
Jiangsu I-front Science & Technology Co., Ltd	98,800.00	2014-11-26	2015-02-25	No
Jiangsu I-front Science & Technology Co., Ltd	562,250.00	2014-11-26	2015-02-25	No
Jiangsu I-front Science & Technology Co., Ltd	210,494.00	2014-11-26	2015-02-25	No
Jiangsu I-front Science & Technology Co., Ltd	215,430.75	2014-11-26	2015-05-25	No
Jiangsu I-front Science & Technology Co., Ltd	344,000.00	2014-11-26	2015-05-25	No
Jiangsu I-front Science & Technology Co., Ltd	683,862.75	2014-11-26	2015-05-25	No
Jiangsu I-front Science & Technology Co., Ltd	285,000.00	2014-11-26	2015-05-25	No
Jiangsu I-front Science & Technology Co., Ltd	325,950.00	2014-12-19	2015-01-19	No
Jiangsu I-front Science & Technology Co., Ltd	137,500.00	2014-12-19	2015-06-19	No
Jiangsu I-front Science & Technology Co., Ltd	158,171.11	2014-12-19	2015-06-19	No
Jiangsu I-front Science & Technology Co., Ltd	169,600.00	2014-12-19	2015-03-19	No
Jiangsu I-front Science & Technology Co., Ltd	182,000.00	2014-12-19	2015-03-19	No
Jiangsu I-front Science & Technology Co., Ltd	519,300.00	2014-12-19	2015-03-19	No
Jiangsu I-front Science & Technology Co., Ltd	500,000.00	2014-12-26	2015-03-25	No
Jiangsu I-front Science & Technology Co., Ltd	925,956.72	2013-10-21	2015-10-20	No
Jiangsu I-front Science & Technology Co., Ltd	7,400,000.00	2014-2-25	2015-2-24	No
Jiangsu I-front Science & Technology Co., Ltd	3,440,000.08	2014-4-2	2015-4-1	No
Jiangsu I-front Science & Technology Co., Ltd	2,640,000.00	2014-4-2	2015-4-1	No
Jiangsu I-front Science & Technology Co., Ltd	280,000.00	2014-7-11	2015-1-11	No
Jiangsu I-front Science & Technology Co., Ltd	7,689,640.00	2014-7-15	2015-7-15	No
Jiangsu I-front Science & Technology Co., Ltd	165,644.64	2014-7-15	2015-7-15	No
Jiangsu I-front Science & Technology Co., Ltd	2,351,359.30	2014-7-18	2017-7-18	No

Secured party	Guaranteed amount	Starting date of guarantee	Expiring date of guarantee	Whether all guarantees are fulfilled
Jiangsu I-front Science & Technology Co., Ltd	1,282,692.53	2014-7-30	2016-1-30	No
Jiangsu I-front Science & Technology Co., Ltd	4,394,080.00	2014-5-15	2015-5-31	No
Jiangsu I-front Science & Technology Co., Ltd	199,766.30	2014-8-7	2015-8-7	No
Jiangsu I-front Science & Technology Co., Ltd	2,612,621.44	2014-09-05	2016-09-05	No
Jiangsu I-front Science & Technology Co., Ltd	360,000.00	2014-09-18	2015-01-18	No
Jiangsu I-front Science & Technology Co., Ltd	837,500.02	2014-10-23	2015-10-24	No
Jiangsu I-front Science & Technology Co., Ltd	6,164,496.00	2014-11-06	2015-11-05	No
Jiangsu I-front Science & Technology Co., Ltd	2,671,773.12	2014-11-21	2016-05-21	No
Jiangsu I-front Science & Technology Co., Ltd	320,000.00	2014-12-10	2015-06-10	No
Jiangsu I-front Science & Technology Co., Ltd	1,171,224.32	2014-12-11	2015-12-10	No
Jiangsu I-front Science & Technology Co., Ltd	116,790.24	2014-12-11	2015-03-10	No
Jiangsu I-front Science & Technology Co., Ltd	2,345,402.88	2014-12-11	2015-12-10	No
Jiangsu I-front Science & Technology Co., Ltd	5,289,801.94	2014-12-12	2015-12-11	No
Jiangsu I-front Science & Technology Co., Ltd	1,185,431.20	2014-12-29	2015-3-28	No
Jiangsu I-front Science & Technology Co., Ltd	2,479,772.88	2014-12-29	2015-12-28	No
Leadcore Technology (Hong Kong) Co., Ltd.	59,354,300.00	2013-8-1	2015-7-11	No
Leadcore Technology (Hong Kong) Co., Ltd.	47,177,490.00	2014-2-28	2015-2-27	No
Leadcore Technology (Hong Kong) Co., Ltd.	67,366,939.46	2014-6-13	2015-6-12	No
Datang (H.K.) Holdings Co., Ltd.	1,000,000,000.00	2014-9-29	2017-9-29	No

(2). About the guarantee provided by the company or its subsidiary to other companies

On Dec. 21, 2014, the resolution of the 25th session of the 6th board meeting 2014 passed the Proposal on the Company Providing Guarantee for Shanghai Uniscope's Procurement Payment to Qualcomm Incorporated and agreed that the company provides guarantee to its wholly-owned subsidiary Uniscope Technologies (Shanghai) Co., Ltd. For the procurement payment to Qualcomm CDMA Technologies Asia Pacific Private Co., Ltd., with a guarantee amount not more than USD 9 million.

(3). About the guarantee provided by the bank to the company or the company's subsidiaries

Secured party	Guaranteed amount	Starting date of guarantee	Expiring date of guarantee	Whether all guarantees are fulfilled
Datang Technology Co., Ltd.	315,897.00	2013-11-6	2016-1-31	No
Datang Technology Co., Ltd.	343,858.00	2013-11-26	2016-10-31	No
Datang Technology Co., Ltd.	39,600.00	2014-5-27	2015-11-26	No
Datang Technology Co., Ltd.	800,000.00	2014-5-27	2015-4-30	No
Datang Technology Co., Ltd.	46,000.00	2012-5-16	2015-10-30	No
Datang Technology Co., Ltd.	46,000.00	2012-5-16	2015-5-30	No
Datang Software Technologies Co., Ltd.	1,211,987.40	2014-1-26	2015-3-23	No
Datang Software Technologies Co., Ltd.	1,211,987.40	2014-1-26	2016-3-23	No
Datang Software Technologies Co., Ltd.	1,211,987.40	2014-1-26	2017-3-23	No
Datang Software Technologies Co., Ltd.	1,211,987.40	2014-1-26	2018-3-23	No
Datang Software Technologies Co., Ltd.	1,211,987.40	2014-1-26	2019-3-23	No
Datang Software Technologies Co., Ltd.	436,800.00	2014-5-16	2015-2-27	No
Datang Software Technologies Co., Ltd.	53,277.60	2014-6-24	2016-5-29	No
Datang Software Technologies Co., Ltd.	231,433.90	2014-6-24	2016-5-29	No
Datang Software Technologies Co., Ltd.	120,098.70	2014-6-24	2016-5-29	No
Datang Software Technologies Co., Ltd.	119,401.60	2014-6-24	2016-5-29	No
Datang Software Technologies Co., Ltd.	237,781.40	2014-6-24	2016-5-29	No
Datang Software Technologies Co., Ltd.	109,741.90	2014-6-24	2016-5-29	No
Datang Software Technologies Co., Ltd.	14,400.00	2014-6-24	2017-1-31	No
Datang Software Technologies Co., Ltd.	34,400.00	2014-4-1	2015-4-30	No
Datang Software Technologies Co., Ltd.	44,000.00	2014-6-20	2015-5-29	No
Datang Software Technologies Co., Ltd.	83,198.50	2014-12-18	2016-11-30	No
Datang Software Technologies Co., Ltd.	214,948.00	2014-11-21	2016-9-30	No
Datang Software Technologies Co., Ltd.	202,462.50	2014-11-21	2016-11-30	No
Datang Software Technologies Co., Ltd.	582,649.00	2014-10-16	2017-7-8	No
Datang Software Technologies Co., Ltd.	238,000.00	2014-3-13	2016-4-7	No
Datang Software Technologies Co., Ltd.	2,495,171.00	2013-10-24	2015-10-17	No

Secured party	Guaranteed amount	Starting date of guarantee	Expiring date of guarantee	Whether all guarantees are fulfilled
Datang Software Technologies Co., Ltd.	295,596.40	2014-2-19	2015-1-20	No
Datang Software Technologies Co., Ltd.	100,000.00	2014-9-18	2015-3-19	No
Datang Software Technologies Co., Ltd.	190,756.80	2014-10-11	2015-12-31	No
Datang Software Technologies Co., Ltd.	44,000.00	2014-10-11	2015-5-29	No
Datang Software Technologies Co., Ltd.	800,000.00	2014-11-22	2015-3-23	No
Datang Software Technologies Co., Ltd.	800,000.00	2014-12-13	2015-5-15	No
Datang Software Technologies Co., Ltd.	800,000.00	2014-12-13	2015-5-15	No
Datang Software Technologies Co., Ltd.	800,000.00	2014-12-13	2015-5-15	No
Datang Software Technologies Co., Ltd.	200,000.00	2014-12-29	2015-6-27	No
Datang Software Technologies Co., Ltd.	1,290,000.00	2014-11-4	2015-5-4	No
Datang Software Technologies Co., Ltd.	159,573.60	2014-11-27	2015-2-27	No
Datang Software Technologies Co., Ltd.	7,740,000.00	2014-12-11	2015-6-11	No
Datang Software Technologies Co., Ltd.	562,500.00	2012-8-23	2017-10-19	No
Datang Software Technologies Co., Ltd.	312,500.00	2012-8-23	2017-10-19	No
Datang Software Technologies Co., Ltd.	752,748.00	2013-12-25	2017-12-16	No
Datang Software Technologies Co., Ltd.	900,000.00	2014-12-19	2016-7-1	No
Datang Software Technologies Co., Ltd.	79,000.00	2013-3-13	2016-12-30	No
Datang Software Technologies Co., Ltd.	85,000.00	2013-6-8	2017-6-28	No
Datang Software Technologies Co., Ltd.	248,400.00	2013-11-15	2016-10-16	No
Datang Software Technologies Co., Ltd.	87,481.50	2013-11-28	2016-10-16	No
Datang Software Technologies Co., Ltd.	667,800.00	2013-11-25	2017-10-31	No
Datang Software Technologies Co., Ltd.	203,000.00	2014-1-15	2016-12-4	No
Datang Software Technologies Co., Ltd.	16,550,000.00	2014-8-13	2015-2-13	No
Datang Software Technologies Co., Ltd.	1,267,075.00	2014-7-10	2015-1-10	No
Datang Software Technologies Co., Ltd.	382,075.00	2014-7-10	2015-1-10	No
Datang Software Technologies Co., Ltd.	5,000,000.00	2014-8-11	2015-2-11	No
Datang Software Technologies Co., Ltd.	5,000,000.00	2014-8-11	2015-2-11	No
Datang Software Technologies Co., Ltd.	1,267,075.00	2014-10-20	2015-4-20	No

Secured party	Guaranteed amount	Starting date of guarantee	Expiring date of guarantee	Whether all guarantees are fulfilled
Datang Software Technologies Co., Ltd.	20,000.00	2014-11-26	2015-3-31	No
Jiangsu I-front Science & Technology Co., Ltd	1,157,445.90	2013-10-21	2015-10-21	No
Jiangsu I-front Science & Technology Co., Ltd	9,250,000.00	2014-02-25	2015-02-25	No
Jiangsu I-front Science & Technology Co., Ltd	3,300,000.00	2014-04-02	2015-04-02	No
Jiangsu I-front Science & Technology Co., Ltd	4,300,000.10	2014-04-02	2015-04-02	No
Jiangsu I-front Science & Technology Co., Ltd	5,492,600.00	2014-05-15	2015-05-31	No
Jiangsu I-front Science & Technology Co., Ltd	400,000.00	2014-07-11	2015-01-11	No
Jiangsu I-front Science & Technology Co., Ltd	10,985,200.00	2014-07-15	2015-07-15	No
Jiangsu I-front Science & Technology Co., Ltd	236,635.20	2014-07-15	2015-07-15	No
Jiangsu I-front Science & Technology Co., Ltd	2,939,199.12	2014-07-18	2017-07-18	No
Jiangsu I-front Science & Technology Co., Ltd	1,832,417.90	2014-07-30	2016-01-30	No
Jiangsu I-front Science & Technology Co., Ltd	332,943.84	2014-08-07	2015-08-07	No
Jiangsu I-front Science & Technology Co., Ltd	3,265,776.80	2014-09-05	2016-09-05	No
Jiangsu I-front Science & Technology Co., Ltd	600,000.00	2014-09-18	2015-01-18	No
Jiangsu I-front Science & Technology Co., Ltd	1,046,875.02	2014-10-23	2015-10-24	No
Jiangsu I-front Science & Technology Co., Ltd	7,705,620.00	2014-11-06	2015-11-05	No
Jiangsu I-front Science & Technology Co., Ltd	316,572.48	2014-11-13	2015-5-13	No
Jiangsu I-front Science & Technology Co., Ltd	3,339,716.40	2014-12-12	2016-06-12	No
Jiangsu I-front Science & Technology Co., Ltd	400,000.00	2014-12-10	2015-06-10	No
Jiangsu I-front Science & Technology Co., Ltd	6,612,252.43	2014-12-12	2015-12-11	No
Jiangsu I-front Science & Technology Co., Ltd	1,464,030.40	2014-12-11	2015-12-10	No
Jiangsu I-front Science & Technology Co., Ltd	145,987.80	2014-12-11	2015-03-10	No
Jiangsu I-front Science & Technology Co., Ltd	2,931,753.60	2014-12-11	2015-12-10	No
Jiangsu I-front Science & Technology Co., Ltd	5,432,100.00	2015-01-10	2016-02-29	No
Jiangsu I-front Science & Technology Co., Ltd	1,481,789.00	2014-12-29	2015-03-29	No
Jiangsu I-front Science & Technology Co., Ltd	3,099,716.10	2014-12-30	2015-12-30	No

(4). Contentious matter

As to the case that the company's subsidiary Datang Software Technologies Co., Ltd. sues Tianjin Lantian Power Source Company for payment in arrears, Beijing Haidian People's Court initiated proceedings according to the provisions of the Civil Procedure Law of the people's Republic of China on Sept. 13, 2013, with the amount of subject RMB 30,832,822.28, and held public hearings on Dec. 4, 2014. According to the paper of civil judgment (2013) HMCZ No. 24614 judgment of Beijing Haidian People's Court, the defendant Tianjin Lantian Power Source Company pays the goods payment and interests within 10 days from the judgment effective date. As of the release date of the financial report, Datang Software Technologies Co., Ltd. has not received corresponding payment and interests.

XII. Events after the Balance Sheet Date

The company has no events after the balance sheet date to be disclosed.

XIII Other Important Matters

On Dec. 21, 2014, the resolution of the 25th session of the 6th board meeting of the company passed the Proposal on Capital Increase for Tianjin Terminal Company, and agreed that the company increases capital for the company's wholly owned subsidiary Datang (Tianjin) Communication Terminal Manufacturing Co., Ltd. by cash RMB 184 million, after capital increase, the registered capital of Datang (Tianjin) Communication Terminal Manufacturing Co., Ltd. is increased from RMB 10 million to RMB 194 million.

XIV Notes to Main Items of Parent Company's Financial Statement**1. Accounts receivables****(1). Classified disclosure of accounts receivable:**

Unit: Yuan Currency: RMB

Category	Balance at the end of the period				
	Book balance		Allowance for bad debts		Book value
	Amount	Percentage (%)	Amount	Percentage (%)	
1. Receivables with significant single amount and individual withdrawal of Allowance for bad debts					
2. Receivables with withdrawal of Allowance for bad debts according to portfolio of credit risk characteristics					
Portfolio 1: with significant single amount and low portfolio risk	366,880,729.15	49.41			366,880,729.15
Portfolio 2: with non-significant single amount and low portfolio risk	28,908,990.01	3.89			28,908,990.01
Portfolio 3: with high portfolio risk	340,969,018.57	45.92	77,179,224.47	22.64	263,789,794.10
Subtotal of portfolio	736,758,737.73	99.22	77,179,224.47		659,579,513.26
3. Receivables with non-significant single amount and individual withdrawal of Allowance for bad debts	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

Category	Year-beginning balance				
	Book balance		Allowance for bad debts		Book value
	Amount	Percentage (%)	Amount	Percentage (%)	
1. Receivables with significant single amount and individual withdrawal of Allowance for bad debts					
2. Receivables with withdrawal of Allowance for bad debts according to					

Category	Year-beginning balance				Book value
	Book balance		Allowance for bad debts		
	Amount	Percentage (%)	Amount	Percentage (%)	
portfolio of credit risk characteristics					
Portfolio 1: with significant single amount and low portfolio risk	616,696,060.01	47.87			616,696,060.01
Portfolio 2: with non-significant single amount and low portfolio risk	96,782,796.69	7.51			96,782,796.69
Portfolio 3: with high portfolio risk	569,116,061.94	44.17	61,172,731.09	10.75	507,943,330.85
Subtotal of portfolio	1,282,594,918.64	99.55	61,172,731.09		1,221,422,187.55
3. Receivables with non-significant single amount and individual withdrawal of Allowance for bad debts	5,770,989.51	0.45	5,770,989.51	100.00	
Total	1,288,365,908.15	100.00	66,943,720.60		1,221,422,187.55

In the combination, Receivables with withdrawal of Allowance for bad debts according to Aging analysis methods

Unit: Yuan Currency: RMB

Aging	Balance at the end of the period		
	Receivables	Allowance for bad debts	Withdrawing proportion (%)
Within 1 year (including 1 year)	40,616,019.92	203,080.09	0.50
1-2 years (including 2 years)	161,695,366.79	3,233,907.31	2.00
2—3 years (including 3 years)	32,273,817.47	1,613,690.88	5.00
3—4 years (including 4 years)	32,704,687.02	9,811,406.11	30.00
4—5 years (including 5 years)	22,723,975.60	11,361,988.31	50.00
More than 5 years	50,955,151.77	50,955,151.77	100.00
Total	340,969,018.57	77,179,224.47	

Ending Receivables with non-significant single amount and individual withdrawal of Allowance for bad debts

Receivables (based on unit)	Balance at the end of the period			
	Receivables	Allowance for bad debts	Withdrawing proportion	Withdrawing reason
More than 5 years	5,770,989.51	5,770,989.51	100.00	Expected doubtful collection
Total	5,770,989.51	5,770,989.51		

- (2) Allowance for bad debts of withdrawal, recovery or reserving in current period
The provision for bad debt reserves in the current period is RMB 16,006,493.38.
- (3) About the accounts receivable actually verified in the current period
No accounts receivable actually verified in the current period.
- (4) Receivables of top five ending balances collected according to borrowers

Unit Name	Balance at the end of the period		
	Receivables	Proportion (%) in total Receivables	Allowance for bad debts
No. 1	206,845,642.15	27.85	
No. 2	127,800,000.00	17.21	2,556,000.00
No. 3	90,855,717.86	12.24	
No. 4	44,227,731.50	5.96	
No. 5	24,951,637.64	3.36	
Total	494,680,729.15	66.62	2,556,000.00

2. Other receivables

(1). Classified disclosure of accounts receivable:

Unit: Yuan Currency: RMB

Category	Balance at the end of the period				
	Book balance		Allowance for bad debts		Book value
	Amount	Percentage (%)	Amount	Percentage (%)	
1. Receivables with significant single amount and individual withdrawal of Allowance for bad debts					
2. Receivables with withdrawal of Allowance for bad debts according to portfolio of credit risk characteristics					
Portfolio 1: with significant single amount and low portfolio risk	2,228,922,711.16	88.91			2,228,922,711.16
Portfolio 2: with non-significant single amount and low portfolio risk	211,916,271.16	8.45			211,916,271.16
Portfolio 3: with high portfolio risk	40,985,103.13	1.64	3,766,122.59	9.19	37,218,980.54
Subtotal of portfolio	2,481,824,085.45	99.00	3,766,122.59		2,478,057,962.86
3. Receivables with non-significant single amount and individual withdrawal of Allowance for bad debts	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

Category	Year-beginning balance				
	Book balance		Allowance for bad debts		Book value
	Amount	Percentage (%)	Amount	Percentage (%)	
1. Receivables with significant single amount and individual withdrawal of Allowance for bad debts					
2. Receivables with withdrawal of Allowance for bad debts according to portfolio of credit risk characteristics					
Portfolio 1: with significant single amount and low portfolio risk	1,860,216,920.29	82.02			1,860,216,920.29
Portfolio 2: with non-significant single amount and low portfolio risk	344,863,886.31	15.20			344,863,886.31
Portfolio 3: with high portfolio risk	37,904,840.27	1.67	2,362,785.81	6.23	35,542,054.46
Subtotal of portfolio	2,242,985,646.87	98.89	2,362,785.81		2,240,622,861.06
3. Receivables with non-significant single amount and individual withdrawal of Allowance for bad debts	25,141,350.50	1.11	25,141,350.50	100.00	
Total	2,268,126,997.37	100.00	27,504,136.31		2,240,622,861.06

In portfolios, other receivables with Allowance for bad debts withdrawn by Aging analysis methods

Aging	Unit: Yuan Currency: RMB		
	Balance at the end of the period		
	Other receivables	Allowance for bad debts	Withdrawing proportion (%)
Within 1 year (including 1 year)	10,353,496.32	51,717.48	0.50
1-2 years (including 2 years)	19,788,017.21	395,760.34	2.00
2-2 years (including 3 years)	5,133,377.05	256,668.85	5.00
3-2 years (including 4 years)	3,619,598.50	1,085,879.54	30.00
4-2 years (including 5 years)	228,835.36	114,417.69	50.00
More than 5 years	1,861,778.69	1,861,678.69	100.00
Total	40,985,103.13	3,766,122.59	

Other Receivables with non-significant single amount and individual withdrawal of Allowance for bad debts

Other Receivables (based on units)	Balance at the end of the period			
	Other receivables	Allowance for bad debts	Withdrawing proportion (%)	Withdrawing reason
More than 5 years	25,141,350.50	25,141,350.50	100.00	Expected doubtful collection
Total	25,141,350.50	25,141,350.50		

- (2) Allowance for bad debts of withdrawal, recovery or reserving in current period
The provision for bad debt reserves in the current period is RMB 1,403,336.78.

- (3) About other accounts receivable actually verified in the current period
No other accounts receivable actually verified in the current period.

- (4) Categories of nature of other receivables

Nature of fund	Ending book balance	Beginning book balance
Reserve	5,257,295.30	3,925,824.08
Intercourse funds	2,501,708,140.65	2,264,201,173.29
Total	2,506,965,435.95	2,268,126,997.37

- (5) Other Receivables of top five ending balances collected according to borrowers

Unit: Yuan Currency: RMB					
Unit Name	Nature of fund	Balance at the end of the period	Aging	Proportion (%) in total other receivables	Allowance for bad debts Balance at the end of the period
No. 1	Intercourse funds	953,607,647.14	1-5 years	38.04	
No. 2	Intercourse funds	804,294,357.53	Within 4 years	32.08	
No. 3	Intercourse funds	242,693,837.61	Within 2 years	9.68	
No. 4	Intercourse funds	129,117,643.18	Within 3 years	5.15	
No. 5	Intercourse funds	99,209,225.70	Within 3 years	3.96	
Total		2,228,922,711.16		88.91	

2. Long-term equity investments

Unit: Yuan Currency: RMB

Item	Balance at the end of the period			Balance at the beginning of the period		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Investment in subsidiaries	4,365,571,877.74		4,365,571,877.74	2,943,420,742.74	29,055,555.00	2,914,365,187.74
Investment in associates and cooperative enterprises	187,737,552.82		187,737,552.82	190,609,767.27		190,609,767.27
Total	4,553,309,430.56		4,553,309,430.56	3,134,030,510.01	29,055,555.00	3,104,974,955.01

(1) Investment in subsidiaries

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	Depreciation reserves withd rawn in current period	Initial balance of provision for diminution in value	Ending balance of provision for diminution in value
Datang Microelectronics Technology Co., Ltd.	331,182,741.97		331,182,741.97				
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 Telecom (Tianjin) Communication Terminals Manufacturing Co., Ltd.	10,000,000.00			10,000,000.00			
Shanghai Uniscope Communication Technologies Co., Ltd.	428,810,000.00		428,810,000.00			24,755,555.00	
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			
Shengyao Wireless Communication Technology (Beijing) Co., Ltd.	17,000,000.00		17,000,000.00			4,300,000.00	
Datang Telecom (Chengdu) Information Technology Co., Ltd.	80,000,000.00			80,000,000.00			
Datang Telecom (Nanjing)	50,000,000.00			50,000,000.00			

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Investee	Balance at the beginning of the period	Increase of current period	Decrease of current period	Balance at the end of the period	Depreciation reserves with drawn in current period	Initial balance of provision for diminution in value	Ending balance of provision for diminution in value
Energy-saving & Information Technology Co., Ltd.							
Jiangsu I-front Science & Technology Co., Ltd.	147,374,500.00			147,374,500.00			
Qidong Uniscope Electronics Co., Ltd.	73,600,000.00		73,600,000.00				
Leadcore Technology Co., Ltd.	847,104,646.90		847,104,646.90				
Beijing Datang Smart Card Technology Co., Ltd.	73,700,000.00			73,700,000.00			
Datang Chuangxingang (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		27,416,835.00			
Guangzhou Yaowan Entertainment Network Technology Co., Ltd.		1,680,744,300.00		1,680,744,300.00			
Total	2,943,420,742.74	3,119,848,523.87	1,697,697,388.87	4,365,571,877.74		29,055,555.00	

(2) Investment in associates and cooperative enterprises

Unit: Yuan										Currency: RMB	
Investee	Year-beginning balance	Increase or decrease in current period							Balance at the end of the period	The preparation of calculating the assets devalue of current period	Balance at the end of the period of provision for diminution in value
		Additional Investment	Decrease Investment	Profit and loss on investments determined under the equity law	Other comprehensive income adjustment	Other equity change	Cash declared for distribution Dividends or profits	Other			
Associates											
Datang Telecom (Tianjin) Science and Technology Industrial Park Co., Ltd.	45,573,478.84			-11,457,125.26					34,116,353.58		
Chengdu Datang Cable Co., Ltd.	71,631,151.65			7,101,582.45			2,612,662.58		76,120,071.52		
Beijing Datang Technology Development Co., Ltd.	8,471,953.91			-284,887.70					8,187,066.21		
Datang Investment Co., Ltd.	42,469,329.00			1,834,252.90					44,303,581.90		

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Investee	Year-beginning	Increase or decrease in current period							Balance at the end	The preparation	Balance at the
Xi'an Datang Monitoring Technology Co., Ltd.		15,400,000.00		-1,990,310.81					13,409,689.19		
365IME (Beijing) Network Technology Co., Ltd.		8,000,000.00		-418,059.98					7,581,940.02		
Nanjing Yunke Equity Investment Fund Management Co., Ltd.		4,000,000.00		18,850.40					4,018,850.40		
Datang Hi-Tech Venture Capital Co., Ltd.	22,463,853.87			92,896.82				-22,556,750.69			
Total	190,609,767.27	27,400,000.00		-5,102,801.18			2,612,662.58	-22,556,750.69	187,737,552.82		

3. Operation revenue and operation costs:

Item	Unit: Yuan		Currency: RMB	
	Amount incurred in current period		Amount incurred in previous period	
	Income	Cost	Income	Cost
Main business	436,553,642.43	420,467,286.59	1,405,732,695.10	1,321,384,202.62
Other business	24,987,970.82	5,253,457.94	23,377,170.38	7,196.21
Total	461,541,613.25	425,720,744.53	1,429,109,865.48	1,321,391,398.83

4. Investment Income

Item	Unit: Yuan		Currency: RMB	
	Amount incurred in current period		Amount incurred in previous period	
Investment income of long-term equity accounted as per the cost law	251,111,965.13		302,207,724.03	
Long-term equity investments income by equity method	-5,102,801.18		1,107,989.79	
Investment income from disposal of long-term equity investments			30,744,995.26	
Investment income of financial assets in holding period with amount change recorded in current profit and loss at fair value				
Investment income from disposal of financial assets with amount change recorded in current profit and loss at fair value				
Investment income of held-to-maturity investments in holding period				
Investment income of the available-for-sale financial assets during holding period				
Investment income from disposal of available-for-sale financial assets				
Profit from re-measurement of residual equity at fair value after loss of control right				
Other	2,557,725.52			
Total	248,566,889.47		334,060,709.08	

XV. Supplementary

1. Non-recurring profit and loss list of the current period

Item	Unit: Yuan		Currency: RMB	
	Amount		Remark	
Profits or losses from disposal of non-current assets	16,512,900.93			
Tax returns and deduction and exemption with authorized approval or without official approval document				
Governmental subsidy included in current profit and loss (closely related to the enterprise business, except the governmental subsidy enjoyed in fixed amount and quantity as per national standard)	214,270,585.78			
Payment for use of state funds received from non-financial institutions recorded in current profits and losses	22,651,976.67			
Gains from the difference between the investment costs of acquisition of subsidiaries, associates and associates and share in the net fair value of the identifiable assets of the investee when investing				
Gains or losses from non-monetary asset exchange				

Item	Amount	Remark
Gains or losses from entrusting the investments or management of asset		
Impairment provision for force majeure such as natural calamities		
Debt restructuring profit and loss		
Restructure expenses, such as the compensation for employee relocation and integration costs		
Gains or losses from transactions with obvious unfair transaction price		
Year-to-date net profits or losses of subsidiaries arising from business combination under common control		
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 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	57,041,881.29	
Other profits or losses which can be deemed as non-recurring profits or losses		
Income tax effects	-22,229,116.55	
Minority interest effects	-16,303,567.00	
Total	271,944,661.12	

2. Return on equity and EPS

Profits during the reporting period	Weighted average return on net assets (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to equity shareholders	6.1289	0.2562	0.2562
Net profit attributable to equity shareholders after deducting non-recurring profit and loss	-1.5503	-0.0648	-0.0648

3. Supplementary information about changes in accounting policies

The company changed relevant accounting policies and carried out retroactive restatement for the comparative financial statements according to the *Accounting Standard for Business Enterprises No. 2 - Long-term equity investments* issued by the Ministry of Finance in 2014. After restatement, the consolidated balance sheet dated Jan. 1, 2013 and Dec. 31, 2013 are as follows.

		Unit: yuan Currency: RMB	
Item	Jan. 1, 2013	Dec. 31, 2013	Dec. 31, 2014
Current assets:			
Cash and cash equivalents	1,168,753,587.01	1,358,043,475.41	1,824,447,546.65
Deposit reservation for balance			
Lending capitals			
Financial assets changes included in current profit and loss measured by fair value			
Derivative financial assets			
Notes receivable	150,549,612.19	248,615,637.50	817,378,061.22
Receivables	2,602,811,178.61	4,315,583,578.41	3,841,428,226.36
Advances to suppliers	651,910,669.53	616,691,149.89	622,898,112.53
Premium receivable			
reinsurance accounts receivable			
Receivable from subcontracting reserves			
Interests receivable			
Dividends receivable		111,731.12	2,612,662.58
Other receivables	239,131,815.92	218,037,810.80	244,246,067.94
The purchases of resold financial assets			
Inventory	1,300,907,498.85	1,423,471,315.75	1,792,340,677.49
Assets to hold for sale divided			
Non-current assets maturing within one year			
Other current assets			50,000,000.00
Total current assets	6,114,064,362.11	8,180,554,698.88	9,195,351,354.77
Non-current assets:			
Loans and payments on behalf			
Available-for-sale financial assets	5,000,000.00	18,053,400.00	53,143,748.75
Held-to-maturity investments			
Long-term receivables	51,434,399.27	35,908,546.84	20,449,976.61
Long-term equity investments	152,321,275.62	196,237,066.67	9,195,351,354.77
Investment property			
Fixed assets	682,212,414.86	803,503,142.32	859,108,262.30
Construction in progress	123,552,038.26	18,512,160.48	109,228,076.81
Project materials			
Disposal of fixed assets			
Productive biological assets			
Oil and gas assets			
Intangible assets	686,220,948.63	1,029,742,310.72	1,336,161,883.07
Development expenditure	355,957,630.67	565,889,443.81	517,034,425.34
Goodwill	276,077,613.66	271,777,613.66	1,608,130,229.39
Long-term deferred expenses	2,075,387.07	2,544,068.91	14,071,839.12
Deferred income tax assets	18,273,249.77	26,727,527.76	34,096,965.86
Other non-current assets			
Total non-current assets	2,353,124,957.81	2,968,895,281.17	4,769,258,786.29
Total assets	8,467,189,319.92	11,149,449,980.05	13,964,610,141.06
Current liabilities:			
Short-term borrowing	3,327,000,000.00	4,737,804,971.63	3,433,917,237.58
Borrowings from the Central Bank			
Deposits from customers and interbank			
Borrowing funds			
Financial liabilities changes included in			

Item	Jan. 1, 2013	Dec. 31, 2013	Dec. 31, 2014
current profit and loss measured by fair value			
Derivative financial liabilities			
Notes payable	255,832,076.06	933,797,849.27	421,911,787.84
Accounts payable	1,260,424,763.64	1,646,409,715.91	1,375,459,464.00
Advances from customers	220,200,394.17	274,348,801.52	302,765,733.81
Financial assets sold for repurchase			
Handling charges and commissions payable			
Employee compensation payable	23,581,295.59	24,538,984.24	38,430,221.68
Taxes and surcharges payable	77,242,184.04	49,706,403.01	62,259,744.92
Interests payable	622,328.01	1,440,765.56	19,005,182.20
Dividends payable	21,370,760.93	21,370,760.93	37,187,080.46
Other payables	595,539,308.73	210,125,029.60	285,204,241.63
Dividend payable for reinsurance			
Reserve fund for insurance contracts			
Acting trading securities			
Acting underwriting securities			
Liabilities to hold for sale divided			
Non-current liabilities maturing within one year	67,039,800.00		
Other current liabilities			
Total current liabilities	5,848,852,911.17	7,899,543,281.67	5,976,140,694.12
Non-current liabilities			
Long-term borrowings		500,000,000.00	1,384,596,268.44
Bonds payable			988,062,220.35
Including: preferred shares			
Perpetual bond			
Long-term payables			1,041,875,046.60
Employee compensation payable			
Special payables			68,300,000.00
Estimated liabilities			
Deferred income	264,320,387.13	239,363,746.98	222,023,476.41
Deferred income tax liabilities	4,502,600.42	1,665,264.43	12,658,769.15
Other non-current liabilities			
Total non-current liabilities	268,822,987.55		3,717,515,780.95
Total liabilities	6,117,675,898.72	8,640,572,293.08	9,693,656,475.07
Owner's equity:			
Capital stock	741,707,313.00	741,707,313.00	882,108,472.00
Other equity instruments			
Including: preferred shares			
Perpetual bond			
Capital reserve	2,328,980,972.69	2,313,965,000.50	3,682,967,691.52
Less: treasury stock			
Other comprehensive income	-1,689,345.30	-2,031,074.52	1,650,181.12
Special reserves			
Surplus reserves	59,839,287.96	59,839,287.96	59,839,287.96
General risk reserves			
Retained earnings	-960,792,572.69	-805,176,713.95	-595,796,939.85
Total equity attributed to parent company's owner	2,168,045,655.66	2,308,303,812.99	4,030,768,692.75
Minority stockholder's equity	181,467,765.54	200,573,873.98	240,184,973.24
Total owners' equity	2,349,513,421.20	2,508,877,686.97	4,270,953,665.99
Total liabilities and owners' equity	8,467,189,319.92	11,149,449,980.05	13,964,610,141.06

List of Reference Documents

List of documents for reference	The financial statements signed by legal representative, the person in charge of accounting work and accountant in charge and sealed.
List of documents for reference	The original audit report sealed by the accounting firm, signed and sealed by the certified public accountant.
List of documents for reference	The original of all company documents and announcements disclosed on the paper designated by China Securities Regulatory Commission during the report period.
Above-mentioned documents are kept at the Directors Board Office, and will be made available by the company in time when requested by China Securities Regulatory Commission and stock exchange, or requested to be referred to by shareholders according to laws or regulations	

President: Cao bin

The submission date approved by the Board of Directors: Apr. 18, 2015