Nanjing Putian Telecommunications Co., Ltd.

SEMI-ANNUAL REPORT 2016

August 2016

Section I. Important Notice, Contents and Paraphrase

Board of Directors, Supervisory Committee, all directors, supervisors and senior executives of Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as the Company) hereby confirm that there are no any fictitious statements, misleading statements, or important omissions carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

Other directors attending the Meeting for semi-annual report deliberation except for the followed:

Name of director absent	Title for absent director	Reasons for absent	Attorney
Li Tong	Director	For work	Li Ying
Han Shu	Director	For work	Li Ying
Huang Haodong	Director	For work	Xu Qian
Ding Haiyan	Independent director	For work	Zheng Aimei

The Company has no plans of cash dividend distributed, no bonus shares and has no share converted from capital reserve either.

Li Linzhen, principal of the Company, Shi Lian, person in charge of accounting works and Qiu Huizhen, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of Semi-Annual Report 2016 is authentic, accurate and complete.

Concerning the forward-looking statements with future planning involved in the Semi-Annual Report, they do not constitute a substantial commitment for investors. Investors are advised to exercise caution of investment risks.

Content

Paraphrases

Items	Refers to	Definition
CSRC	Refers to	China Securities Regulatory Commission
SZ Stock Exchange	Refers to	Shenzhen Stock Exchange
China Potevio	Refers to	China Potevio Company Limited (controlling shareholder of the Company)
The Company, Company, Nanjing Putian	Refers to	Nanjing Putian Telecommunications Co., Ltd.
Southern Telecom, Southern Company	Refers to	Nanjing Southern Telecom Co., Ltd. (holding subsidiary of the Company)
Telege Building	Refers to	Nanjing Putian Telege Intelligent Building Co., Ltd. (holding subsidiary of the Company)

Section II Company profile

I. Company Profile

Short form for share	*ST NJ TEL B	Code for share	200468
Listing stock exchange	Shenzhen Stock Exchange		
Chinese name of the Company	南京普天通信股份有限公司		
English name of the Company(if applicable)	Nanjing Putian Telecommunications Co., Ltd.		
Legal representative	Li Linzhen		

II. Contact person and ways

	Secretary of the Board	Rep. of securities affairs
Name	Zhang Shenwei	Xiao Hong
Contact adds.	No. 1 Putian Road, Qinhuai District Nanjing	No. 1 Putian Road, Qinhuai District Nanjing
Tel.	86-25-58962010	86-25-58962072
Fax.	86-25-52409954	86-25-52409954
E-mail	zsw@postel.com.cn	xiaohong@postel.com.cn

III. Others

1. Way of contact

Whether registrations address, offices address and codes as well as website and email of the Company changed in reporting period or not

□ Applicable √ Not applicable

Registrations address, offices address and codes as well as website and email of the Company has no change in reporting period, found more details in Annual Report 2015.

2. Information disclosure and preparation place

Whether information disclosure and preparation place changed in reporting period or not

□ Applicable √ Not applicable

The newspaper appointed for information disclosure, website for semi-annual report publish appointed by CSRC and preparation place for semi-annual report have no change in reporting period, found more details in Annual Report 2015.

3. Registration changes of the Company

Whether registration has changed in reporting period or not

√Applicable □Not applicable

	Registration date	Registration place	Business license number of enterprise legal person	Tax ID	Organization code
Period-begin registration	2014-12-10	Jiangsu Administration for Industry & Commerce	320000400000500	320121134878054	13487805-4
Period-end registration	2016-06-22	Jiangsu Administration for Industry & Commerce	91320000134878054G	91320000134878054G	91320000134878054G
Query date for the temporary announcement released on appointed website (if any)					

Section III. Accounting data and summary of financial indexes

I. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data for accounting policy changed and accounting error correction or not

□Yes √ No

	Current period	Same period of last year	Increase/decrease in this report y-o-y
Operating revenue (RMB)	834,739,223.47	920,291,331.61	-9.30%
Net profit attributable to shareholders of the listed company(RMB)	-21,109,095.63	-16,613,763.93	-27.06%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	-22,354,358.57	-18,587,900.12	-20.26%
Net cash flow arising from operating activities(RMB)	-96,581,410.89	-135,877,454.58	28.92%
Basic earnings per share (RMB/Share)	-0.10	-0.08	-25.00%
Diluted earnings per share (RMB/Share)	-0.10	-0.08	-25.00%
Weighted average ROE	-6.28%	-4.67%	-1.61%
	End of current period	End of last period	Increase/decrease in this report-end over that of last period-end
Total assets (RMB)	2,071,314,325.03	2,093,670,119.65	-1.07%
Net assets attributable to shareholder of listed company(RMB)	325,357,663.18	346,684,394.29	-6.15%

II. Difference of the accounting data under accounting rules in and out of China

1. Difference of the net profit and net assets disclosed in financial report, under both IAS (International Accounting Standards) and Chinese GAAP (Generally Accepted Accounting Principles)

□ Applicable √ Not applicable

There is no difference of the net profit and net assets disclosed in financial report, under both IAS and Chinese GAAP

2. Difference of the net profit and net assets disclosed in financial report, under both foreign accounting rules and Chinese GAAP (Generally Accepted Accounting Principles)

□ Applicable √ Not applicable

There is no difference of the net profit and net assts disclosed in financial report, under both foreign accounting rules and Chinese GAAP

III. Items and amounts of extraordinary profit (gains)/loss

√ Applicable □ Not applicable

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	13,717.36	
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	1,211,187.47	
Other non-operating income and expenditure except for the aforementioned items	237,871.59	
Less: impact on income tax	58,489.55	
Impact on minority shareholders' equity (post-tax)	159,023.93	
Total	1,245,262.94	--

Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, explain reasons

□ Applicable √ Not applicable

In reporting period, the Company has no particular about items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss.*

Section IV. Report of the Board of Directors

I. Introduction

In the first half year of 2016, facing the complex economic situation and the increasingly fierce market competition, the company has been adhering to the business principles of "innovation, integration, and capital", focusing on the annual budget targets, earnestly implementing the objectives and requirements of "steady growth, adjusting structure, promoting transformation" of SASAC, taking advancing the quality and efficiency as the goal, accelerating the company's industrial restructuring, promoting the lean management, making efforts to enhance the development of quality and efficiency, and ensuring the company's sustainable and steady development. Under the influence of macroeconomic environment and external market, the company has achieved operating income of 835 million Yuan in the first half year, completed 46.37% of the annual budget, a decrease of 9.30% compared with the same period of last year, and achieved the net profits of -21,109,100 Yuan attributable to the equity holders of parent company.
Measures for the completion of annual budget goal in the first half year and the work development of all aspects:

1. Industrial development
The company adheres to the guiding principles of "innovation, integration, and capital", sticks closely to the national five development philosophies of "innovation, coordination, green, open, sharing", seizes new market opportunities, and achieves new industrial development. Take transition, innovation, and quality and efficiency improvement as the orientation, strive to improve industrial management capacity and efficiency of investment and development industry, and enhance the overall competitiveness of enterprises.

(I) Keep a foothold in industrial advantages, consolidate the foundation for development
Take the deep integration of informatization and industrialization as an engine to make an enterprise stronger, take intelligent manufacturing as the main direction, and actively expand the wiring industry development. Keep up with the needs of operators, and pay attention to the market dynamics. Wiring industry has obtained two software copyrights and participated in the drafting of eight industry standards. Actively carry out the research and development of new products while optimizing the existing products.
Take "Internet +" as the drive, cooperate with multimedia application industry for development, rapidly develop multimedia integration services; actively explore the telemedicine channels, strive to create "Internet + Medical treatment" mode, and form the professional solutions such as Internet intelligent grading diagnosis and treat, long-distance stroke, etc.; establish the Southern Telecom "Cloud Service" technology architecture and service system, meanwhile actively develop customers in finance, education, and government and other large customers in traditional video industry, and continue to maintain a leading position in the industry.
Steadily push forward the development of cabling system, PDU products of Telege has won the China Compulsory Certification issued by China Quality Certification Center and successfully applied to customers. Become the only CATV module manufacturer in China that has passed all broadcasting tests. The science and technology company actively participates in the construction of pension service platform to achieve the goal of first stage.
The company grasps the new opportunities in intelligent development of manufacturing industry, and promotes the transformation and upgrading; accelerates inter-industry cooperation, realizes complementary advantages, and promotes the development of multiple types of businesses; continues to adhere to the development strategy of "penetrating rail transit", seizes the opportunities of subway industry development, successfully obtains subway project of Yanfang line, and maintains a dominant position in rail transit.
Meanwhile, the company keeps up with the hot field such as cloud computing, big data, Internet of Things, etc., and constantly expands the business boundaries.

(II) Seize market opportunities and expand emerging markets

During the reporting period, the company has aimed at new markets such as broadcasting, iron tower, etc., readjusted the personnel assignment and resource allocation, and explored the market pattern and expanded new markets step by step in a planned way; actively expanded the private network and industry markets, researched and explored the markets in broadcasting, power, military network, and rail transit, etc., and steadily promoted the growth points to transform to mature industries by the management concept of differentiation, specialization and flexibility.

(III) Closely follow the national strategy, and drive the development by innovation

Focus on the national five development philosophies of "innovation, coordination, green, open, sharing", drive the enterprise development by innovation, and promote the industrial upgrading. Actively introduce new technology products of incubation, and promote the research and development, and cooperate with colleges and universities in Nanjing so as to lay the foundation for the company to promote the construction of intelligent enterprise.

2. Operating management

In the first half year, the company has been focusing on the annual management tasks, highlighting the main industries, optimizing the layout structure, strengthening the intensive management and management improvement, solidly carrying out the operation and management work and steadily advancing all special projects, and has achieved good results. Firstly, deepen the reform and promote the restructuring, adjust and optimize the structure for rapid development, further deepen the structural adjustment and reform, focus on main businesses, improve the quality and efficiency by becoming bigger and stronger, and suspending or stopping operation, and strive to promote the company's overall operating efficiency and competitiveness. Secondly, standardize the financial management, strengthen the pressure drop of "two funds", increase the assets vitalization, and actively collect the stock receivable. Thirdly, focus on business operation, constantly improve the internal control system, strengthen the contract management, intensify the cost control, endeavor to enhance the management level, and reduce the cost and increase benefits. Fourthly, strengthen the work of Party building, deepen the construction of the Party conduct and of an honest and clean enterprise, and create a positive and sound development environment.

In the next half year, the company will focus on the annual budget targets and tasks, adhere to the quality-oriented and efficiency-oriented principle, further increase efforts to adjust the industrial structure, continue to carry out the special work, such as "two funds pressure control", "advancing quality and efficiency", "governing losses", etc., strengthen the risk control and basic management, further improve the operational risk management and control work, make great efforts for party building and team construction, spare no effort to make sure the overall completion of annual goals and tasks, and promote the company's sustainable and healthy development.

II. Main business analysis

Year-on-year changes of main financial data

In RMB

	Current period	Same period of last year	Y-o-y increase/decrease	Reasons for changes
Operation revenue	834,739,223.47	920,291,331.61	-9.30%	Affected by slow of the macro-economic, intensified industrial competition and decline of the sales price, the operation revenue

				decreased on a y-o-y basis
Operation cost	686,173,649.02	759,205,839.90	-9.62%	Operation costs declined with the decrease of revenue
Sales expenses	80,474,718.48	85,374,312.00	-5.74%	
Administrative expenses	69,513,112.10	68,807,167.70	1.03%	
Financial cost	11,247,942.96	11,250,520.74	-0.02%	
Income tax expense	3,235,803.32	8,415,501.07	-61.55%	Profit from some of the subsidiaries are declined from a year earlier, the income tax expenses declined correspondingly
R&D investment	33,918,277.09	36,886,662.06	-8.05%	
Net cash flow arising from operation activities	-96,581,410.89	-135,877,454.58	28.92%	The recoup funds for payment of goods are increased from a year earlier; expenditure from purchasing and cash for tax-paying are declined on a y-o-y basis
Net cash flow arising from investment activities	-1,272,325.51	-2,647,780.06	51.95%	The cash paid for fixed assets investment in the Period are less over that of last period
Net cash flow arising from financing activities	-61,384,722.62	54,725,674.00	-212.17%	Bank loans are decreased from a year earlier, the loans paid to bank are increased on a y-o-y basis
Net increase of cash and cash equivalent	-159,511,552.16	-83,789,559.09	-90.37%	The net cash flow arising from financing activities are declined dramatically on a y-o-y basis
Investment income	917,844.11	1,648,163.04	-44.31%	The joint-stock company has a less profit from a year earlier
Operation profit	-17,759,814.90	-8,232,830.34	-115.72%	Under the influence of macroeconomic slowdown, continuous aggravation of industrial

				competition, selling price fall and other factors, during the reporting period, the company's operating income has decreased compared with the same period of last year. Though the company has been making efforts to control and reduce all costs and expenses, which cannot make up the loss of profit brought by the decrease of operating income, resulting in the operational losses during the reporting period.
Net profit attributable to owners' of parent company	-21,109,095.63	-16,613,763.93	-27.06%	Under the influence of macroeconomic slowdown, continuous aggravation of industrial competition, selling price fall and other factors, during the reporting period, the company's operating income has decreased compared with the same period of last year. Though the company has been making efforts to control and reduce all costs and expenses, which cannot make up the loss of profit brought by the decrease of operating income, resulting in the operational losses during the reporting period.

Major changes on profit composition or profit resources in reporting period

□ Applicable √ Not applicable

No major changes on profit composition or profit resources occurred in reporting period

The future development and planning extended to reporting period that published in disclosure documents as prospectus, private placing memorandum and recapitalize statement

□ Applicable √ Not applicable

No future development and planning extended to reporting period that published in disclosure documents as prospectus, private placing memorandum and recapitalize statement

Review on the previous business plan and its progress during reporting period

The main operation goal disclosed in Annual Report 2015 for year of 2016 are as: to ensure main targets as the main operation revenue progress year by year, futher to optimized the industrial structure and improved the operation quality, and further enhanced the assets efficiency (the above mentioned operation goal do not represent the profit forecast for year of 2016 under the name of listed company, the acehivement result depends on many factors as market condition changes with big uncertainty concerned, investors are advise to pay more attention)

During the Period, around by the opeartion plan formualted at beginning of the Year, the Company actively promote every works, and achieved a progress, till end of June 2016, the Company realized operation revenue of RMB 835 million, completed 46.37% of the plan for the year, progress of the works found more in "I. Introduction" of the Section

III. Constitution of main business

In RMB

	Operating revenue	Operating cost	Gross profit ratio	Increase or decrease of operating revenue over same period of last year	Increase or decrease of operating cost over same period of last year	Increase or decrease of gross profit ratio over same period of last year
According to industries						
Communication industry	739,988,519.89	612,397,969.82	17.24%	-10.24%	-10.89%	0.60%
Electric apparatus industry	59,302,043.41	42,043,639.84	29.10%	9.44%	10.70%	-0.80%
According to products						
Video conference products	246,666,682.89	206,712,577.40	16.20%	-17.60%	-15.45%	-2.13%
Integrated wiring products	142,200,652.00	111,331,266.82	21.71%	0.16%	-1.01%	0.93%
Electrical products	59,302,043.41	42,043,639.84	29.10%	9.44%	10.70%	-0.80%
Wiring products and other	413,719,913.49	360,800,602.42	12.79%	-9.06%	-10.28%	1.18%
Interior offset	-62,598,728.49	-66,446,476.82				
According to region						
Domestic	797,527,190.97	653,171,868.77	18.10%	-9.15%	-9.86%	0.64%

Overseas	1,763,372.33	1,269,740.89	27.99%	145.91%	113.64%	10.87%

IV. Core competitive-ness analysis

As a subsidiary of Potevio a large-scale enterprise directly under the Central Government, the Company has developed into a manufacturing enterprise of communication equipments with diversified product structures after years of effort. The primary business of the Company falls within the fields to be developed and supported with national focus and having greater market demand and promising development prospect. With a complete structure of industry chains and good capacity in R&D, production and marketing, the Company has established good brand power and influence in the industry market and operators market. With a complete nationwide sales network, the wiring business has established a long-term cooperation with operators with multiple types of products and has won awards several times. The integrated wiring products with secured and good pipeline resources focus on independent innovation which has acquired sample projects invested by the government in recent years resulting in the continuously increased brand awareness. Visual intercom product takes a front-end position in the industry for many years and has a large number of high-quality client resources. The low-voltage apparatus has a higher market occupant rate in the rail transportation market with a higher degree of professionalism and competitive force. The remote health care of Southern Company, the smart community and smart education of Information Company adhere to the national strategy of smart city with a vast market space in future.

With the goal of maintaining the leading position in the industry, the Company will strengthen the industrial development with centralized resources and accelerate the integration of resources while shifting from manufacturer of single product to supplier of integrated solutions to further ensure its industrial competitiveness and upgrade its sustainable development ability.

V. Investment analysis

1. Equity investment

(1) Investment outside

□ Applicable √ Not applicable

The Company has no investment outside in the Period

(2) Holding the equity of financial enterprise

□ Applicable √ Not applicable

No equity of financial enterprise held by the Company in Period

(3) Securities investment

□ Applicable √ Not applicable

The Company has no securities investment in the Period

(4) Explanation on equity of other listed company held

□ Applicable √ Not applicable

The Company had no equity of other listed company held in Period.

2. Trust financing, investment of derivatives and entrustment loan

(1) Trust financing

□ Applicable √ Not applicable

The Company has no trust financing in Period.

(2) Derivative investment

□ Applicable √ Not applicable

The Company has no derivative investment in Period.

(3) Trust loans

□ Applicable √ Not applicable

The Company has no trust loans in the Period

3. Application of raised proceeds

□ Applicable √ Not applicable

The Company had no application of raised proceed in Period.

4. Main subsidiaries and joint-stock companies analysis

√Applicable □Not applicable

Main subsidiaries and joint-stock companies

In RMB

Name	Type	Industry involved	Main products or service	Registered capital	Total assets	Net assets	Operation revenue	Operation profit	Net profit
Nanjing Southern Telecom Co., Ltd.	Subsidiary	Communication industry	Development, production, sales and service of data communication products and video	34,205,147.83	407,272,884.37	155,558,587.11	246,824,340.55	6,372,545.52	8,174,011.25

			communication products						
Nanjing Putian Telege Intelligent Building Co., Ltd.	Subsidiary	Communication industry	Manufacture and sales of intelligent building system	12,000,000.00	262,291,911.27	101,672,763.04	144,073,856.61	9,018,429.05	7,478,429.00
Nanjing Putian Network Company Ltd.	Subsidiary	Communication industry	Manufacture and sales of software of telecommunications, network and electronic equipment	10,000,000.00	52,508,789.15	23,993,712.02	26,769,093.54	-2,646,076.12	-2,148,902.16
Nanjing Putian Changle Telecommunications Equipment Co., Ltd.	Subsidiary	Communication industry	Out-door patch, sub-line equipment, network box(cube)of out-door and machinery office, manufacture and sales of communication electrical products	10,000,000.00	92,778,228.74	30,934,789.15	30,703,788.91	-95,063.26	-94,363.26
Nanjing Bada Telecommunications Equipment Co., Ltd.	Subsidiary	Communication industry	Manufacture of card-terminal communication equipment	11,301,400.00	5,539,164.82	-15,536,601.46	3,093,051.11	-3,674,948.71	-3,595,361.35

Putian Telecommunications (H.K.) Co., Ltd.	Subsidiary	Communication industry	Export and import of telecommunication equipment, Hi-tech R & D and transfer, technology trade	HK$ 2 million	4,320,753.11	-17,742,684.88		-175,878.19	-175,878.19
Nanjing Postel Wongzhi Telecommunications Co., Ltd.	Subsidiary	Communication industry	Production, sales and processing of electrical products	90,190,000.00	38,895,411.44	38,214,508.80	3,864,171.76	-1,719,724.87	-1,719,724.87
Nanjing Putian Information Technology Company Ltd.	Subsidiary	Communication industry	Manufacture and sales of electrical and telecommunication products	14,000,000.00	13,824,938.84	5,873,063.31	10,109,283.39	539,476.81	332,564.10
Nanjing Putian Telecommunication Technology Company Ltd.	Subsidiary	Communication industry	Electronic components assembly, electronic products, telecommunication equipment, Hi-tech R & D and sales	5,000,000.00	17,849,571.71	792,184.82	5,310,124.90	-851,841.69	-814,927.43
Nanjing Mennekes Electrics Co., Ltd.	Subsidiary	Electrical apparatus industry	Manufacture and sales of plug & socket of industrial-used	USD 5.2 million	170,409,132.19	93,389,902.05	59,853,154.52	4,910,938.46	2,686,829.19
Nanjing Putian Datang Information	Subsidiary	Communication industry	Development, production, sale,	10,000,000.00	38,135,958.20	26,659,082.21	21,359,235.76	1,106,317.89	2,107,868.66

Electronic Co., Ltd.			engineering technical service of electronic product; processing service of surface mounting and welding						
SEI-Nanjing Putian Optical Network Co., Ltd.	Joint-stock company	Communication industry	Development and manufacture of ODN products, optical communication components and RFTS	37,088,800.00	48,197,145.97	27,301,415.60	14,260,549.51	176,884.05	215,175.59
Potevio Hi-tech Industry Co., Ltd.	Joint-stock company	Communication industry	R&D of communication technology products, sales, network system integration, rental of industrial park venue and property management etc.	337,548,141.29	350,612,835.19	342,456,899.88	10,061,612.00	1,326,179.42	1,315,998.67

5. Major project invested by non-raised funds

√ Applicable □ Not applicable

In ten thousand Yuan

Project	Total investment	Amount invested in this	Amount invested	Progress	Earnings	Date for disclosed (if	Index for disclosed (if

	planned	period	accumulative till end of reporting period			applicable)	applicable)
Phase I of Putian Technology Innovation Park	5,683.5	24.89	3,240.46	57.02%	Unfinished	2013-10-18	Notice: “Notice of Investment for the Phase I of Putian Technology Innovation Park”; Notice No.: 2013-025; Website: Juchao website (www.cninfo.com.cn)
Total	5,683.5	24.89	3,240.46	--	--	--	--

VI. Prediction of business performance from January – September 2016

Estimation on accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation on reason

□ Applicable √ Not applicable

VII. Explanation from the Board and Supervisory Committee for “Qualified Opinion” from the CPA of this year’s

□ Applicable √ Not applicable

VIII. Explanation from the Board for “Qualified Opinion” of last year’s

□ Applicable √ Not applicable

IX. Implementation of profit distribution in reporting period

Implementation or adjustment of profit distribution plan in reporting period, cash dividend plan and shares converted from capital reserve in particular

□ Applicable √ Not applicable

Profit distribution plan for first half year was: no plans of cash dividend distributed, no bonus shares and has no share converted from capital reserve either

X. Profit distribution plan and transfer of public reserve to common shares in the period

□ Applicable √ Not applicable

The Company has no plans of cash dividend distributed, no bonus shares and has no share converted from capital reserve either for the semi-annual of the year.

XI. In the report period, reception of research, communication and interview

□ Applicable √ Not applicable

The Company has no reception of research, communication and interview activity occurred in the Period

Section V. Important Events

I. Corporate governance

Actual corporate governance of the Company shows no difference with the Company Law and relevant regulations of CSRC

II. Lawsuits

Significant lawsuits and arbitrations

□Applicable √Not applicable

The Company has no significant lawsuits and arbitrations in reporting period.

Other lawsuits

√Applicable □Not applicable

Lawsuits (arbitrations)	Amount involved (in 10 thousand Yuan)	Resulted an accrual liability (Y/N)	Progress	Trial result and influence	Execution of judgment	Disclosure date	Disclosure index
Contract dispute on Nanjing Putian Telege Intelligent Building Co., Ltd. suit against Suzhou Puhao Trading Co., LTd.	76.85	N	Reconciliation closed	Reaching the aim of lawsuit	Closed with payment by the defendant		
Contract dispute on Nanjing Putian Telege Intelligent Building Co., Ltd. suit against Dalian Dongxifang Technology Co., Ltd.	10.68	N	Suit pending	-	-		
Contract dispute on Nanjing Putian Telege Intelligent Building Co., Ltd. suit against Anhui Jiaozi Electronic Technology Co., Ltd.	29.64	N	Suit pending	-	-		
Contract dispute	3.35	N	Reconciliati	Reaching the aim	Closed with		

on Nanjing Southern Telecom Co., Ltd. suit against Zhengzhou Jianye Hi-Te Property Co., Ltd.			on closed	of lawsuit	payment by the defendant		
Contract dispute on Nanjing Southern Telecom Co., Ltd. suit against Changsha Prove Technologies Co., Ltd.	138.8	N	Reconciliation closed	Reaching the aim of lawsuit	Closed with payment by the defendant		
Contract dispute on Nanjing Southern Telecom Co., Ltd. suit against Shenzhen ChinaLink Telecom & Technology Co., Ltd.	33.83	N	Reconciliation closed	Reaching the aim of lawsuit	Closed with payment by the defendant		
Contract dispute on Nanjing Southern Telecom Co., Ltd. suit against Shenzhen South Honest Technology Co., Ltd.	128.73	N	Court mediation	Reaching the aim of lawsuit	The defendant payment by installment		
Contract dispute on Nanjing Southern Telecom Co., Ltd. suit against Harbin Zhihua Bochen Technology Development Co., Ltd.	213.47	N	Suit pending	-	-		
Contract dispute of MENNEKES and Shenyang	17.98	N	Court mediation	Reaching the aim of lawsuit	Closed with payment by the defendant		

Northern Construction Limited							

III. Question from media

□ Applicable √ Not applicable

No universal questioned by media in reporting period

IV. Bankruptcy reorganization

□ Applicable √ Not applicable

In reporting period, the Company has no bankruptcy reorganization occurred.

V. Transaction in assets

1. Acquisition of assets

□ Applicable √ Not applicable

The Company has no assets purchased in the Period

2. Assets sold

□ Applicable √ Not applicable

The Company has no assets for sale in the Period

3. Enterprise mergers

□ Applicable √ Not applicable

In the reporting period, the Company has no enterprise merger.

VI. Implementation of the Company's equity incentive and its influence

□ Applicable √ Not applicable

The Company has no equity incentive plan and its implementation either in the Period

VII. Significant related transaction

1. Related transaction connected to routine operations

√ Applicable □ Not applicable

Related transaction parties	Related relationship	Related transaction type	Related transaction content	Related transaction explanat	Related transaction price	Related transaction amount	Proportion in the amount of the	Trading limit approved (in 10	Whether over the approved	Related transaction settleme	Available market prices of similar	Date of disclosure	Index of disclosure

				ion on price setting		(in 10 thousand Yuan))	same transaction	thousand Yuan)	limited or not (Y/N)	nt mode	transactions		
SEI-Nanjing Putian Optical Network Co., Ltd.	Stock-jointly enterprise of the Company , Senior executive of the Company serves as Director of the company	Procurement of goods and provide labor services	Telecom product	Market price	902.40	902.4	1.45%	4,000	No	Bank transfer	902.40	2016-03-29	"Expected Related Transaction with Routine Operation Concerned for year of 2016" published on Juchao Website
Nanjing Putian Honyar Electrical Technology Co., Ltd.	Controlling shareholder's subsidiary	Procurement of goods and provide labor services	Telecom product	Market price	14.11	14.11	0.02%	100	No	Bank transfer	14.11	2016-03-29	"Expected Related Transaction with Routine Operation Concerned for year of 2016" published on Juchao

													Website
Potevio Hi-tech Industry Co., Ltd	Subsidiary of controlling shareholder	Purchase product and receive labor services	Telecommunication product	Market price	134.12	134.12	0.22%	1,000	No	Bank transfer	134.12	2016-03-29	"Expected Related Transaction with Routine Operation Concerned for year of 2016" published on Juchao Website
Potevio Technology Co., Ltd.	Subsidiary of controlling shareholder	Sales of product and provide labor services	Telecommunication product	Market price	20.93	20.93	0.03%	4,500	No	Bank transfer	20.93	2016-03-29	"Expected Related Transaction with Routine Operation Concerned for year of 2016" published on Juchao Websit

													e
China Potevio Company Limited	Subsidiary of controlling shareholder	Sales of product and provide labor services	Telecommunication product	Market price	2,556.25	2,556.25	3.06%	18,700	No	Bank transfer	2,556.25	2016-03-29	"Expected Related Transaction with Routine Operation Concerned for year of 2016" published on Juchao Website
Beijing Putian Taili Telecommunications Technology Co., Ltd.	Subsidiary of controlling shareholder	Sales of product and provide labor services	Telecommunication product	Market price	3.69	3.69	0.00%	0	Yes	Bank transfer	3.69		
Potevio Hi-tech Industry Co., Ltd	Subsidiary of controlling shareholder	Sales of product and provide labor services	Telecommunication product	Market price	4.86	4.86	0.01%	0	Yes	Bank transfer	4.86		
Shanghai Putian Youtong Technology Co., Ltd.	Subsidiary of controlling shareholder	Sales of product and provide labor services	Telecommunication product	Market price	0.97	0.97	0.00%	100	No	Bank transfer	0.97	2016-03-29	"Expected Related Transaction

													with Routine Operation Concerned for year of 2016" published on Juchao Website
Hangzhou Hongyan Dongbei Photoelectric Technology Co., Ltd.	Subsidiary of controlling shareholder	Sales of product and provide labor services	Telecommunication product	Market price	1.31	1.31	0.00%	0	Yes	Bank transfer	1.31		
Shanghai Putian Network Technology Co., Ltd.	Subsidiary of controlling shareholder	Sales of product and provide labor services	Telecommunication product	Market price	0.34	0.34	0.00%	100	No	Bank transfer	0.34	2016-03-29	"Expected Related Transaction with Routine Operation Concerned for year of 2016" published on Juchao

													Website
SEI-Nanjing Putian Optical Network Co., Ltd.	The joint stock enterprise, senior executives serves as director in the enterprise	Leasing	House and buildings	Market price	40.12	40.12	36.51%	100	No	Bank transfer	40.12	2016-03-29	“Expected Related Transaction with Routine Operation Concerned for year of 2016” published on Juchao Website
Potevio Hi-tech Industry Co., Ltd	Subsidiary of controlling shareholder	Tenant and receiving relevant property service	House and buildings	Market price	570.93	570.93	100.00%	1,400	No	Bank transfer	570.93	2016-03-29	“Expected Related Transaction with Routine Operation Concerned for year of 2016” published on Juchao Websit

													e
Total				--	--	4,250.03	--	30,000	--	--	--	--	--
Return of major sales				N/A									
Report the actual implementation of the normal related transactions which were projected about their total amount by types during the reporting period(if applicable)				Being deliberated and approved by BOD and Shareholders general meeting, the Company made a prediction about routine related transactions for whole year of 2016, total amount estimated less than RMB 322 million, actually occurred was RMB 42.5003 million in first half year.									
Reason for the great difference between trade price and market reference price (if applicable)				Not applicable									

2. Related transactions by assets acquisition and sold

□ Applicable √ Not applicable

The Company has no related transactions occurred by assets acquisition and sold in the Period

3. Major related transactions of mutual outward investment

□ Applicable √ Not applicable

The Company has no related transaction of mutual outward investment occurred in the Period

4. Contact of related credit and debt

√ Applicable □ Not applicable

Whether exist non-operating contact of related credit and debt or not

□Yes √No

The Company has no non-operating contact of related credit and debt occurred in Period

5. Other significant related transactions

√ Applicable □ Not applicable

(1) During the Period, The Company paying interes of consignment loan RMB 326,300 to controlling shareholder China Potevio Company Limited for RMB 30 million loans.

(2) During the Period, the Company offering RMB 1.535 million guarantee to joint enterprise SEI-Nanjing Putian Optical Network Co., Ltd.

Found more in 2. Guarantee in IX. of Section V

Website for temporary disclosure of the major connected transaction

Announcement	Date of disclosure	Website for disclosure
"Notice of Application of Consignment Loans for Controlling Shareholder"	2016-04-29	Juchao Website
"Notice of Guarantee Offer to Joint-stock Company"	2015-07-15	Juchao Website

"Notice of Guarantee Offer to Joint-stock Company"	2016-03-29	Juchao Website

VIII. Non-business capital occupying by controlling shareholders and its related parties

□ Applicable √ Not applicable

No non-business capital occupied by controlling shareholders and its related parties in Period.

IX. Significant Contracts and its performance

1. Trusteeship, contracting and lease

(1) Trusteeship

□ Applicable √ Not applicable

The Company has no trusteeship in the Period

(2) Contract

□ Applicable √ Not applicable

The Company has no contracting in the Period

(3) Leasing

√ Applicable □ Not applicable

Explanation on leasing

In reporting period, the Company (including subsidiaries) rented the real estate from Potevio Hi-tech Industry Co., Ltd for purpose of production and office, the rental recognized in the period amounting to RMB 4,432,100.

Part of the subsidiary rent their real estate out in the Period, rental revenue in the Peirod amounting to RMB 1,099,100.

Items generated over 10% gains/losses in total profit in reporting period for the Company

√Applicable □ Not applicable

Contract-out party	Lessee	Assets leasing	Amount involved in leasing(in 10 thousand Yuan)	Leasing date from	Leasing end at	Leasing profit (in 10 thousand Yuan)	Determine basis for leasing profit	Influence on the Company	Consist of related transaction or not	Related relationship
Potevio Hi-tech Industry Co., Ltd	Nanjing Putian Telecommunications Co., Ltd.	House and buildings	3,667.14	2016-01-01	2016-12-31	-443.21	The rental recognized in the period amounting to RMB	The property under the agreement refers to the office	Y	Subsidiary of controlling shareholder (stock joint

							4,432,100	and production location of the Company; It benefits to guarantee the normal operation development of the Company.		enterprise of the Company)

2. Guarantees

√Applicable □ Not applicable

In 10 thousand Yuan

Particulars about the external guarantee of the Company (Barring the guarantee for subsidiaries)								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
SEI-Nanjing Putian Optical Network Co., Ltd.	2015-07-15	600	2016-03-17	20	Jointly liability guaranty	2016.3.17-2016.7.16	N	Y
SEI-Nanjing Putian Optical Network Co., Ltd.	2015-07-15	600	2016-02-01	62.5	Jointly liability guaranty	2016.2.1-2016.8.1	N	Y
SEI-Nanjing Putian Optical Network Co., Ltd.	2016-03-29	600	2016-05-03	71	Jointly liability guaranty	2016.5.3-2016.8.2	N	Y
Total approving external guarantee in report period (A1)		600		Total actual occurred external guarantee in report period (A2)		153.5		
Total approved external guarantee at the end of report period (A3)		600		Total actual balance of external guarantee at the end of report period (A4)		153.5		
Guarantee of the Company for the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Implemented (Y/N)	Guarantee for related

								party (Y/N)
Nanjing Southern Telecom Co., Ltd.	2015-03-31	6,000	2015-11-16	2,000	Jointly liability guaranty	2015.11.16-2016.8.11	N	N
Nanjing Southern Telecom Co., Ltd.	2015-03-31	6,000	2016-01-01	1,000	Jointly liability guaranty	2016.1.1-2016.9.30	N	N
Nanjing Southern Telecom Co., Ltd.	2015-03-31	6,000	2016-02-19	1,000	Jointly liability guaranty	2016.2.19-2017.2.19	N	N
Nanjing Southern Telecom Co., Ltd.	2015-03-31	6,000	2016-04-08	1,000	Jointly liability guaranty	2016.4.8-2017.4.8	N	N
Nanjing Southern Telecom Co., Ltd.	2016-03-29	6,000	2016-06-13	1,000	Jointly liability guaranty	2016.6.13-2017.6.13	N	N
Nanjing Putian Telege Intelligent Building Co., Ltd.	2015-03-31	2,000	2015-08-31	500	Jointly liability guaranty	2015.8.31-2016.8.31	N	N
Nanjing Putian Telege Intelligent Building Co., Ltd.	2015-03-31	2,000	2015-09-15	1,000	Jointly liability guaranty	2015.9.15-2016.9.15	N	N
Nanjing Putian Telege Intelligent Building Co., Ltd.	2016-03-29	2,500	2016-05-10	1,000	Jointly liability guaranty	2016.5.10-2017.2.10	N	N
Total amount of approving guarantee for subsidiaries in report period (B1)		8,500		Total amount of actual occurred guarantee for subsidiaries in report period (B2)		5,000		
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)		8,500		Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)		8,500		
Guarantee of the Company for the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Implemented (Y/N)	Guarantee for related party (Y/N)
Total amount of guarantee of the Company(total of three abovementioned guarantee)								
Total amount of approving guarantee in report period (A1+B1+C1)		9,100		Total amount of actual occurred guarantee in report period (A2+B2+C2)		5,153.5		

Total amount of approved guarantee at the end of report period (A3+B3+C3)	9,100	Total balance of actual guarantee at the end of report period (A4+B4+C4)	8,653.5
The proportion of the total amount of actually guarantee in the net assets of the Company (that is A4+ B4+C4)		26.60%	
Including:			
Amount guarantee offering to shareholders, actual controller and its related parties (D)		0	
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly(E)		0	
Proportion of total amount of guarantee in net assets of the Company exceed 50%(F)		0	
Total amount of the aforesaid three guarantees(D+E+F)		0	
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees (if applicable)		N/A	
Explanations on external guarantee against regulated procedures (if applicable)		N/A	

Explanation on guarantee with composite way

(1)Guarantee outside against the regulation

□Applicable √Not applicable

No guarantee outside against the regulation in Period.

3. Other material contracts

□ Applicable √ Not applicable

No other material contracts for the Company in reporting period

4. Other significant transactions

□ Applicable √ Not applicable

The Company has no other significant transaction in Period.

X. Commitments from the Company or shareholders (with over 5% shares held) in or continued to reporting period

√Applicable □ Not applicable

Commitments	Promise	Content of commitments	Commitment date	Commitment term	Implementation
Commitments for Share Merger Reform					
Commitments in report of acquisition or equity change					
Commitments in assets reorganization					

Commitments make in initial public offering or re-financing					
Other commitments for medium and small shareholders	China Potevio Company Limited	In order to protect legal interests of every investor, China Potevio Information Industry Company Limited ("China Potevio"), as the controlling shareholder of NJ TEL (stock code: 200468), hereby undertakes as follows: (1)as a responsible controlling shareholder, China Potevio will not reduce shareholding of the Shares of the Company in the following six months since 8 July 2015; (2)currently, Ningtongxin is in stable operation and the main business is in normal operation. China Potevio will continue to promote transformation and structure adjustment of	2015-07-08	Commitment on not to reducing holding-shares: within six months since 8 July 2015	Completed

		the Company through assets reorganization and optimization of resources allocation, so as to greatly improve the quality of our Company; (III) China Potevio will speed up establishment of investor return system of the Listed Company by improving its operating quality and profitability, so as to increase investor's return on a continuous basis.			
Completed on time(Y/N)	Y				
If the commitments is not fulfilled on time, shall explain the specify reason and the next work plan (if any)	-				

XI. Engagement and non-reappointment of CPA

Whether the semi-annual report was audited or not

□Yes √No

The semi-annual report has not been audited.

XII. Penalty and rectification

□ Applicable √ Not applicable

The Company has no penalty or rectification in Period.

XIII. Risk disclosure of delisting with laws and rules violated

□ Applicable √ Not applicable

The Company has no delisting risks with laws and rules violated in Period.

XIV. Explanation on other significant events

√ Applicable □ Not applicable

Index of major events disclosed in the Year form period-begin of the reporting period to the Report released:

Event	Date of disclosure	Query index for appointed website of information disclosure
Performance Forecast for 2015 and Announcement of Implement Delisting Risk Warning	2016.1.28	Juchao Website (www.cninfo.com.cn)
Resolution notice of 30th meeting of 6th session of the Board	2016.3.29	Juchao Website (www.cninfo.com.cn)
Resolution notice of 17th meeting of 6th session of supervisory committee	2016.3.29	Juchao Website (www.cninfo.com.cn)
Summary of annual report of 2015	2016.3.29	Juchao Website (www.cninfo.com.cn)
Notice of provision for the devaluation of assets for year of 2015	2016.3.29	Juchao Website (www.cninfo.com.cn)
Estimation of Routine Related Transaction for year of 2016	2016.3.29	Juchao Website (www.cninfo.com.cn)
Guarantee offer to controlling subsidiary	2016.3.29	Juchao Website (www.cninfo.com.cn)
Guarantee offer to joint stock company	2016.3.29	Juchao Website (www.cninfo.com.cn)
Notice of Holding Annual General Meeting 2015	2016.3.29	Juchao Website (www.cninfo.com.cn)
Announcement of Implement Delisting Risk Warning for Stock of the Company	2016.3.29	Juchao Website (www.cninfo.com.cn)
Informed Notice of Convening annual general meeting of 2015	2016.4.13	Juchao Website (www.cninfo.com.cn)
Inquiry Letter on Annual Report 2015 received from Shenzhen Stock Exchange	2016.4.15	Juchao Website (www.cninfo.com.cn)
Performance Forecast for 1Q of 2016	2016.4.15	Juchao Website (www.cninfo.com.cn)
Resolution notice of annual general meeting of 2015	2016.4.21	Juchao Website (www.cninfo.com.cn)
Resolution notice of 31st meeting of 6th session of the Board	2016.4.29	Juchao Website (www.cninfo.com.cn)
Text of 1Q Report of 2016	2016.4.29	Juchao Website (www.cninfo.com.cn)
Application of Entrust Loans for Controlling Shareholder	2016.4.29	Juchao Website (www.cninfo.com.cn)
Resolution notice of 32nd meeting of 6th session of the Board	2016.6.16	Juchao Website (www.cninfo.com.cn)
Convening 1st extraordinary general meeting of 2016	2016.6.16	Juchao Website (www.cninfo.com.cn)
Informed Notice of Convening 1st extraordinary general meeting of 2016	2016.6.30	Juchao Website (www.cninfo.com.cn)
Resolution notice of 1st extraordinary general meeting of 2016	2016.7.7	Juchao Website (www.cninfo.com.cn)

Resolution notice of 33rd meeting of 6th session of the Board	2016.7.8	Juchao Website (www.cninfo.com.cn)
Related Transaction of Application of Entrust Loans for Controlling Shareholder	2016.7.8	Juchao Website (www.cninfo.com.cn)
Performance Forecast for Semi-Annual 2016	2016.7.15	Juchao Website (www.cninfo.com.cn)

XV. Issuance of corporate bonds

Whether the company has corporate bonds that have been publicly issued and listed on the stock exchange, and not yet due or due but not fully cashed on the approval date of annual report

No

Section VI. Changes in Shares and Particulars about Shareholders

I. Changes in Share Capital

In Share

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Ratio	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Amount	Ratio
I. Unlisted shares	115,000,000	53.49%						115,000,000	53.49%
1. Sponsor's shares	115,000,000	53.49%						115,000,000	53.49%
Including: state-owned shares	115,000,000	53.49%						115,000,000	53.49%
II. Listed shares	100,000,000	46.51%						100,000,000	46.51%
2. Domestically listed foreign shares	100,000,000	46.51%						100,000,000	46.51%
III. Total shares	215,000,000	100.00%						215,000,000	100.00%

Reasons for share changed

□ Applicable √ Not applicable

Approval of share changed

□ Applicable √ Not applicable

Ownership transfer for shares changed

□ Applicable √ Not applicable

Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to common shareholders of Company in latest year and period

□ Applicable √ Not applicable

Other information necessary to disclose for the Company or need to disclosed under requirement from security regulators

□ Applicable √ Not applicable

Changes of total shares and shareholders structure as well as explanation on changes of assets and liability structure

□ Applicable √ Not applicable

II. Number of shares and shares held

In Share

Total common shareholders at end of reporting period	9,509	Total preference shareholders with voting rights recovered at	0

		end of reporting period (if applicable) (see Note 8)	

Particulars about shares held above 5% by common shareholders or top 10 common shares holding								
Shareholders	Nature of shareholder	Proportion of shares held	Number of common shares held at period-end	Changes in reporting period	Amount of holding unlisted common circulation shares	Amount of holding listed common circulation shares	Number of share pledged/frozen	
							State of share	Amount
China Potevio Company Limited	State-owned corporate	53.49%	115,000,000	0	115,000,000	0		
Shenwan HongYuan Securities (HK) Limited	Overseas corporate	3.69%	7,928,125	-91,900	0	7,928,125		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Overseas corporate	1.73%	3,709,804	67,600	0	3,709,804		
Guosen Securities (HK) Brokerage Co., Ltd	Overseas corporate	1.38%	2,969,255	Unknown	0	2,969,255		
Zhang Hui'an	Domestic nature person	1.31%	2,807,000	0	0	2,807,000		
Zheng Enyue	Domestic nature person	1.10%	2,369,639	0	0	2,369,639		
BOCI SECURITIES LIMITED	Overseas corporate	1.04%	2,236,928	2,016,928	0	2,236,928		
Sun Huiming	Domestic nature person	0.93%	2,007,110	0	0	2,007,110		
Gu Jinhua	Domestic nature person	0.83%	1,782,871	0	0	1,782,871		
Chen Chujia	Domestic nature person	0.61%	1,304,506	Unknown	0	1,304,506		

Strategy investors or general corporate becomes top 10 common shareholders due to rights issued (if applicable)(Note 3)	N/A		
Explanation on associated relationship among the aforesaid shareholders	Among the top ten shareholders, China Potevio Company Limited is neither a related party nor a person acting in concert with the others. It's unknown by the Company whether there are related parties or persons acting in concert among the other shareholders.		
Particulars about the shares held by the top ten unrestricted common shareholders			
Shareholders	Amount of circulated common shares held at period-end	Type of shares	
		Type	Amount
Shenwan HongYuan Securities (HK) Limited	7,928,125	Domestically listed foreign shares	
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	3,709,804	Domestically listed foreign shares	
Guosen Securities (HK) Brokerage Co., Ltd	2,969,255	Domestically listed foreign shares	
Zhang Huai'an	2,807,000	Domestically listed foreign shares	
Zheng Enyue	2,369,639	Domestically listed foreign shares	
BOCI SECURITIES LIMITED	2,236,928	Domestically listed foreign shares	
Sun Huiming	2,007,110	Domestically listed foreign shares	
Gu Jinhua	1,782,871	Domestically listed foreign shares	
Chen Chujia	1,304,506	Domestically listed foreign shares	
Liu Fang	1,194,225	Domestically listed foreign shares	

Expiation on associated relationship or consistent actors within the top 10 un-restrict common shareholders and between top 10 un-restrict common shareholders and top 10 common shareholders	It is unknown whether the shareholders just mentioned belong to consistent actors or have associated relationship.
Explanation on top ten common shareholders involving margin business (if applicable)(note 4)	N/A

Whether top ten common shareholders or top ten common shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period

□ Yes √ No

The top ten common shareholders or top ten common shareholders with un-restrict shares held of the Company have no buy-back agreement dealing in reporting period.

III. Changes of controlling shareholders or actual controller

Changes of controlling shareholders in reporting period

□ Applicable √ Not applicable

Controlling shareholder of the Company has no changed in the Period

Changes of actual controller in reporting period

□ Applicable √ Not applicable

Actual controller of the Company has no changed in the Period

IV. Share holding increasing plan proposed or implemented in reporting period from shareholder of the Company and its concerted action person

□ Applicable √ Not applicable

No share holding increasing plan proposed or implemented in reporting period from shareholder of the Company and its concerted action person as the Company knows.

Section VII. Preferred Stock

□ Applicable √ Not applicable

The Company had no preferred stock in the reporting.

Section VIII. Directors, Supervisors and Senior Executives

I. Changes of shares held by directors, supervisors and senior executives

□ Applicable √ Not applicable

Shares held by directors, supervisors and senior executives have no changes in reporting period, found more details in Annual Report 2015.

II. Change of directors, supervisors and senior executive

√Applicable □ Not applicable

Name	Title	Type	Date	Cause
Li Linzhen	GM	Appointment	2016-06-15	Mr. Li Linzhen was appointed as GM of the Company by BOD

Section IX. Financial Report

I. Audit reports

Whether the semi-annual report was audited or not

□ Yes √ No

The financial report of this semi-annual report was unaudited

II. Financial statements

Units in Notes of Financial Statements is RMB

CONSOLIDATED BALANCE SHEET — UNAUDITED

as at 30 June 2016

PREPARED BY: Nanjing Putian Telecommunications Co., Ltd.

Monetary unit: RMB Yuan

Assets	Note No.	Closing balance of period	Opening balance of period	Liabilities & Shareholders' Equity	Note No.	Closing balance of period	Opening balance of period
Current assets:				Current liabilities:			
Cash and bank balances	1	294,790,812.56	461,959,184.34	Short-term borrowings	15	414,500,000.00	458,000,000.00
Settlement funds				Central bank loans			
Loans to other banks				Absorbing deposit and interbank deposit			
Financial assets at fair value through profit or loss				Loans from other banks			
Derivative financial assets				Financial liabilities at fair value through profit or loss			
Notes receivable	2	22,404,369.15	32,339,829.72	Derivative financial liabilities			
Accounts receivable	3	921,828,223.96	778,052,456.84	Notes payable	16	127,511,550.00	110,018,641.90
Advances paid	4	48,890,834.04	36,692,329.07	Accounts payable	17	946,036,989.97	922,132,610.96
Premiums receivable				Advances received	18	80,165,899.92	73,536,868.93
Reinsurance accounts receivable				Proceeds from sale of repurchase financial assets			
Reinsurance reserve receivable				Handling fee and commission payable			
Interest receivable				Employee benefits payable	19	16,623,165.32	17,678,666.86
Dividend receivable				Taxes and rates payable	20	15,788,289.86	8,129,410.05
Other receivables	5	43,202,776.35	32,234,571.22	Interest payable	21	562,892.07	586,554.84
Reverse-REPO financial assets				Dividend payable	22	1,692,213.38	7,115,513.38
Inventories	6	383,603,940.86	390,501,461.16	Other payables	23	32,466,706.75	42,049,885.44
Assets classified as held-for-sale				Reinsurance accounts payable			
Non-current assets due within one year				Provision for insurance contracts			
Other current assets	7	7,381,077.56	8,738,631.96	Deposit for agency security transaction			
Total current assets		1,722,102,034.48	1,740,518,464.31	Deposit for agency security underwriting			
				Liabilities classified as held-for-sale			
				Non-current liabilities due within one year			
				Other current liabilities			
				Total current liabilities		1,635,347,707.27	1,639,248,152.36
				Non-current liabilities:			
				Long-term borrowings			
				Bonds payable			
				Including: Preference shares			
				Perpetual bonds			
				Long-term payables	24	80,118.00	80,118.00
				Long-term staff remuneration payables			
				Special payables			
				Provisions			
Non-current assets:				Deferred income	25	524,370.16	1,525,537.98
Loans and advances paid				Deferred tax liabilities			
Available-for-sale financial assets	8	741,953.00	741,953.00	Other non-current liabilities			
Held-to-maturity investments				Total non-current liabilities		604,488.16	1,605,655.98
Long-term receivable				Total liabilities		1,635,952,195.43	1,640,853,808.34
Long-term equity investments	9	186,413,712.98	185,858,240.87	Shareholders' equity:			
Investment property	10	30,462,263.94	31,076,520.61	Share capital/Paid-in capital	26	215,000,000.00	215,000,000.00
Fixed assets	11	76,081,965.31	79,575,268.20	Other equity			
Construction in progress	12	26,564,131.24	26,629,692.29	Including: Preference shares			
Construction materials				Perpetual bonds			
Fixed assets disposal				Capital reserve	27	185,374,533.85	185,374,533.85
Biological assets				Less: treasury shares			
Oil & gas assets				Other comprehensive income	28	-4,440,820.17	-4,223,184.69
Intangible assets	13	26,614,704.00	27,199,062.05	Special reserve			
Development expenditures				Surplus reserve	29	589,559.77	589,559.77
Goodwill				General risk reserve			
Long-term prepayments	14	2,333,560.08	2,070,918.32	Undistributed profit	30	-71,165,610.27	-50,056,514.64
Deferred tax assets				Total equity attributable to the parent company		325,357,663.18	346,684,394.29
Other non-current assets				Non-controlling interest		110,004,466.42	106,131,917.02
Total non-current assets		349,212,290.55	353,151,655.34	Total equity		435,362,129.60	452,816,311.31
Total assets		2,071,314,325.03	2,093,670,119.65	Total liabilities & shareholders' equity		2,071,314,325.03	2,093,670,119.65

Legal representative: Li Linzhen

Person in charge of accounting work: Shi Lian

Person in charge of accounting organ: Qiu Huizhen

BALANCE SHEET OF THE PARENT COMPANY — UNAUDITED

as at 30 June 2016

PREPARED BY: Nanjing Putian Telecommunications Co., Monetary unit: RMB Yuan

Assets	Note No.	Closing balance of period	Opening balance of period	Liabilities & Shareholders' Equity	Note No.	Closing balance of period	Opening balance of period
Current assets:				Current liabilities:			
Cash and bank balances		113,271,559.91	211,695,287.97	Short-term borrowings		286,000,000.00	346,000,000.00
Financial assets at fair value through profit or loss				Financial liabilities at fair value through profit or loss			
Derivative financial assets				Derivative financial liabilities			
Notes receivable		1,878,060.65	5,662,078.50	Notes payable		123,511,550.00	94,018,641.90
Accounts receivable	1	534,825,199.79	425,991,743.86	Accounts payable		555,645,451.49	491,366,632.18
Advances paid		18,054,037.02	18,699,725.04	Advances received		34,648,351.23	22,674,489.02
Interest receivable				Employee benefits payable		6,119,516.67	6,333,680.57
Dividend receivable				Taxes and rates payable		8,381,474.03	1,360,211.09
Other receivables	2	50,116,056.90	38,064,365.03	Interest payable		208,892.07	410,251.36
Inventories		206,077,684.41	205,855,446.34	Dividend payable			
Assets classified as held-for-sale				Other payables		168,810,428.35	173,240,989.14
Non-current assets due within one year				Liabilities classified as held-for-sale			
Other current assets		2,413.04	2,413.04	Non-current liabilities due within one year			
Total current assets		924,225,011.72	905,971,059.78	Other current liabilities			
				Total current liabilities		1,183,325,663.84	1,135,404,895.26
				Non-current liabilities:			
				Long-term borrowings			
				Bonds payable			
				Including: Preferred shares			
				Perpetual bonds			
				Long-term payables		80,118.00	80,118.00
				Long-term employee benefits			
Non-current assets:				Special payables			
Available-for-sale financial assets		741,953.00	741,953.00	Provisions			
Held-to-maturity				Deferred income		524,370.16	1,525,537.98
Long-term receivable				Deferred tax liabilities			
Long-term equity investments	3	355,523,063.54	355,124,586.01	Other non-current liabilities			
Investment property				Total non-current liabilities		604,488.16	1,605,655.98
Fixed assets		22,749,746.36	23,878,833.23	Total liabilities		1,183,930,152.00	1,137,010,551.24
Construction in progress		26,464,131.24	26,529,692.29	Shareholders' equity:			
Construction materials				Share capital/Paid-in capital		215,000,000.00	215,000,000.00
Fixed assets disposal				Other equity			
Biological assets				Including: Preferred shares			
Oil & gas assets				Perpetual bonds			
Intangible assets		7,964,420.95	8,254,244.95	Capital reserve		172,417,299.81	172,417,299.81
Development expenditures				Less: treasury shares			
Goodwill				Other comprehensive income			
Long-term prepayments		1,980,188.08	1,671,454.32	Special reserve			
Deferred tax assets				Surplus reserve		589,559.76	589,559.76
Other non-current assets				Undistributed profit		-232,288,496.68	-202,845,587.23
Total non-current assets		415,423,503.17	416,200,763.80	Total equity		155,718,362.89	185,161,272.34
Total assets		1,339,648,514.89	1,322,171,823.58	Total liabilities & shareholders' equity		1,339,648,514.89	1,322,171,823.58

CONSOLIDATED INCOME STATEMENT — UNAUDITED

for the six months ended 30 June 2016

PREPARED BY: Nanjing Putian Telecommunications Co., Ltd. Monetary unit: RMB Yuan

Items	Note No.	Current period	Prior period
I. Total operating revenue		834,739,223.47	920,291,331.61
Including: operating revenue	1	834,739,223.47	920,291,331.61
Interest proceeds			
Premium earned			
Revenue from handling charges and commission			
II. Total operating cost		853,416,882.48	930,172,324.99
Including: operating cost	1	686,173,649.02	759,205,839.90
Interest expenses			
Handling charges and commission expenditures			
Surrender value			
Net payment of insurance claims			
Net provision of insurance reserve			
Premium bonus expenditures			
Reinsurance expenses			
Taxes & surcharge for operations	2	4,387,733.29	5,012,146.96
Selling expenses	3	80,474,718.48	85,374,312.00
Administrative expenses	4	69,513,112.10	68,807,167.70
Financial expenses	5	11,247,942.96	11,250,520.74
Assets impairment loss	6	1,619,726.63	522,337.69
Add: gains on changes of fair value (loss, expressed in negative figure)			
Investment income (loss, expressed in negative figure)	7	917,844.11	1,648,163.04
Including: investment income from associates and joint ventures		917,844.11	1,648,163.04
Gains on foreign exchange (loss, expressed in negative figure)			
III.Operating profit (loss, expressed in negative figure)		-17,759,814.90	-8,232,830.34
Add: Non-operating revenue	8	3,864,657.27	3,067,608.51
Including: Gains on disposal of non-current assets		30,429.96	910.50
Less: Non-operating expenditures	9	81,403.56	77,280.39
Including: losses on disposal of fixed assets		16,712.60	44,708.03
IV.Total profit (total loss, expressed in negative figure)		-13,976,561.19	-5,242,502.22
Less: income tax expense	10	3,235,803.32	8,415,501.07
V.Net profit (loss, expressed in negative figure)		-17,212,364.51	-13,658,003.29
Net profit attributable to owners of parent company		-21,109,095.63	-16,613,763.93
Non-controlling interest income		3,896,731.12	2,955,760.64
VI. Other comprehensive income after tax	11	-241,817.20	5,538.07
Net other comprehensive income attributable to owners of the parent company		-217,635.48	5,538.07
(I) Not reclassified subsequently to profit or loss			
1. Changes in remeasurement on the net defined benefit liability/asset			
2.Items attributable to investees under equity method that will not reclassified to profit or loss			
(II) To be reclassified subsequently to profit or loss		-217,635.48	5,538.07
1. Items attributable to investees under equity method that may be reclassified to profit or loss			
2.Profit or loss from changes in fair value of available-for-sale financial assets			
3.Profit or loss from reclassification of held-to-maturity investments as available-for-sale financial assets			
4.Profit or loss on cash flow hedging			
5.Translation difference of financial statements in foreign currencies		-217,635.48	5,538.07
6.Others			
Net other comprehensive income after tax attributable to non-controlling interest		-24,181.72	
VII. Total comprehensive income		-17,454,181.71	-13,652,465.22
Items attributable to owners of parent company		-21,326,731.11	-16,608,225.86
Items attributable to non-controlling interest		3,872,549.40	2,955,760.64
VIII. Earnings per share(“EPS”):			
(I) Basic EPS (RMB/share)		-0.10	-0.08
(II) Diluted EPS (RMB/share)		-0.10	-0.08

INCOME STATEMENT OF THE PARENT COMPANY — UNAUDITED

for the six months ended 30 June 2016

PREPARED BY: Nanjing Putian Telecommunications Co., Ltd. Monetary unit: RMB Yuan

Items	Note No.	Current period	Prior period
I. Operating revenue	1	349,225,599.24	396,908,252.57
Less: Operating cost	1	303,368,276.90	352,107,525.66
Taxes & surcharge for operations		1,939,343.25	1,373,939.17
Selling expenses		37,592,065.04	38,190,178.12
Administrative expenses		27,500,532.77	27,415,421.98
Financial expense		8,778,329.36	9,917,479.76
Assets impairment loss		1,351,891.24	1,058,113.49
Add: Gain on changes of fair value (losses, expressed in negative figures)			
Investment income (losses, expressed in negative figures)	2	760,849.53	1,645,453.43
Including: investment income from associates and joint		760,849.53	1,645,453.43
II. Operating profit (losses, expressed in negative figures)		-30,543,989.79	-31,508,952.18
Add: Non-operating revenue		1,153,404.83	950,239.83
Including: Gains on disposal of non-current assets			
Less: Non-operating expenditures		52,324.49	20,972.98
Including: Losses on disposal of non-current assets			20,395.52
III. Profit before tax (total loss, expressed in negative figures)		-29,442,909.45	-30,579,685.33
Less: Income tax			
IV. Net profit (net loss, expressed in negative figures)		-29,442,909.45	-30,579,685.33
V. Other comprehensive income after tax			
(I) Not reclassified subsequently to profit or loss			
1. Changes in re-measurement on the net defined benefit liability/asset			
2. Items attributable to investees under equity method that will not reclassified to profit or loss			
(II) To be reclassified subsequently to profit or loss			
1. Items attributable to investees under equity method that may be reclassified to profit or loss			
2. Profit or loss from changes in fair value of available-for-sale financial assets			
3. Profit or loss from reclassification of held-to-maturity investments as available-for-sale assets			
4. Profit or loss on cash flow hedging			
5. Translation reserve			
6. Others			
VI. Total comprehensive income		-29,442,909.45	-30,579,685.33
VII. Earnings per share(“EPS”):			
(I) Basic EPS (RMB/share)		-0.14	-0.14
(II) Diluted EPS (RMB/share)		-0.14	-0.14

CONSOLIDATED CASH FLOW STATEMENT — UNAUDITED

for the six months ended 30 June 2016

PREPARED BY: Nanjing Putian Telecommunications Co., Ltd. Monetary unit: RMB Yuan

Items	Note	Current period	Prior period
I.Cash flows from operating activities:			
Cash receipts from sale of goods or rendering of services		934,700,876.85	947,806,725.98
Net increase of client deposit and interbank deposit			
Net increase of central bank loans			
Net increase of loans from other financial institutions			
Cash receipts of original insurance contract premium			
Net cash receipts from reinsurance			
Net increase of policy-holder deposit and investment			
Net increase of trading financial assets disposal			
Cash receipts from interest, handling charges and commission			
Net increase of loans from others			
Net increase of repurchase			
Receipts of tax refund		2,560,296.70	1,925,226.34
Other cash receipts related to operating activities	1	47,740,548.02	32,000,450.24
Subtotal of cash inflows from operating activities		985,001,721.57	981,732,402.56
Cash payments for goods purchased and services received		802,685,394.00	840,760,420.23
Net increase of loans and advances to clients			
Net increase of central bank deposit and interbank deposit			
Cash payment of insurance indemnities of original insurance			
Cash payment of interest, handling charges and commission			
Cash payment of policy bonus			
Cash paid to and on behalf of employees		125,026,411.42	113,838,714.35
Cash payments of taxes and rates		32,610,794.24	52,846,836.31
Other cash payments related to operating activities	2	121,260,532.80	110,163,886.25
Subtotal cash outflows from operating activities		1,081,583,132.46	1,117,609,857.14
Net cash flows from operating activities		-96,581,410.89	-135,877,454.58
II.Cash flows from investing activities:			
Cash received from return of investments			
Cash received from return on investments		362,372.00	1,000,000.00
Net cash received from the disposal of fixed assets, intangible		32,592.24	8,332.00
Net cash received from the disposal of subsidiaries & other			
Other cash receipts related to investing activities			
Subtotal of cash inflows from investing activities		394,964.24	1,008,332.00
Cash paid for acquiring fixed assets, intangible assets and other		1,667,289.75	3,656,112.06
Cash paid for acquiring investments			
Net increase of pledged loans			
Net cash paid for acquiring subsidiaries & other business units			
Other cash payments related to investing activities			
Subtotal of cash outflows from investing activities		1,667,289.75	3,656,112.06
Net cash flows from investing activities		-1,272,325.51	-2,647,780.06
III. Cash flows from financing activities:			
Cash received from investment by others			
Including: cash received by subsidiaries from non-controlling			
Cash received from borrowings		317,500,000.00	351,000,000.00
Cash received from issuing of bonds			
Other cash receipts related to financing activities			
Subtotal of cash inflows from financing activities		317,500,000.00	351,000,000.00
Cash repayments of borrowings		361,000,000.00	283,000,000.00
Cash paid for distribution of dividends or profits and for interest		17,884,722.62	13,274,326.00
Including: cash paid for distribution of dividends or profits by			
Other cash payments related to financing activities			
Subtotal of cash outflows from financing activities		378,884,722.62	296,274,326.00
Net cash flows from financing activities		-61,384,722.62	54,725,674.00
IV. Effect of foreign exchange rate changes on cash & cash equivalents		-273,093.14	10,001.55
V. Net increase in cash and cash equivalents		-159,511,552.16	-83,789,559.09
Add: Opening balance of cash and cash equivalents		405,920,943.68	375,372,939.94
VI. Closing balance of cash and cash equivalents		246,409,391.52	291,583,380.85

CASH FLOW STATEMENT OF THE PARENT COMPANY — UNAUDITED

for the six months ended 30 June 2016

PREPARED BY: Nanjing Putian Telecommunications Co., Ltd. Monetary unit: RMB Yuan

Items	Note No.	Current period	Prior period
I. Cash flows from operating activities:			
Cash receipts from sale of goods and rendering of services		379,526,190.68	357,510,754.37
Receipts of tax refund		239,819.41	
Other cash receipts related to operating activities		663,533.60	10,289,604.22
Subtotal of cash inflows from operating activities		380,429,543.69	367,800,358.59
Cash payments for goods purchased and services received		302,330,893.01	280,463,237.00
Cash payment to and on behalf of employees		53,370,601.93	47,975,045.22
Cash payments for taxes and rates		4,468,888.31	8,368,189.23
Other cash payments related to operating activities		55,865,617.23	66,557,911.25
Subtotal of cash outflows from operating activities		416,036,000.48	403,364,382.70
Net cash flows from operating activities		-35,606,456.79	-35,564,024.11
II. Cash flows from investing activities:			
Cash received from return of investments			
Cash received from investments gains		362,372.00	1,000,000.00
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		31,378.65	6,132.00
Net cash receipts from disposals of subsidiaries and other business units			
Other cash receipts related to investing activities			
Subtotal of cash inflows from investing activities		393,750.65	1,006,132.00
Cash payments to acquire fixed assets, intangible assets and other long-term assets		1,256,889.19	3,019,775.68
Cash payments for investments			
Net cash payments for the acquisition of subsidiaries & other business units			
Other cash payments related to investing activities			
Subtotal of cash outflows from investing activities		1,256,889.19	3,019,775.68
Net cash flows from investing activities		-863,138.54	-2,013,643.68
III. Cash flows from financing activities:			
Cash receipts from investment by others			
Cash receipts from borrowings		236,000,000.00	276,000,000.00
Other cash receipts related to financing activities			
Subtotal of cash inflows from financing activities		236,000,000.00	276,000,000.00
Cash repayments of borrowings		296,000,000.00	246,000,000.00
Cash payments for distribution of dividends or profit or interest expenses		9,504,963.82	10,097,006.77
Other cash payments related to financing activities			
Subtotal of cash outflows from financing activities		305,504,963.82	256,097,006.77
Net cash flows from financing activities		-69,504,963.82	19,902,993.23
IV. Effect of foreign exchange rate changes on cash and cash equivalents		68,383.33	17,278.00
V. Net increase in cash and cash equivalents		-105,906,175.82	-17,657,396.56
Add: Opening balance of cash and cash equivalents		192,969,689.69	184,370,348.86
VI. Closing balance of cash and cash equivalents		87,063,513.87	166,712,952.30

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY — UNAUDITED

for the six months ended 30 June 2016

PREPARED BY: Nanjing Putian Telecommunications Co., Ltd. Monetary unit: RMB Yuan

Items	Current period														Prior period													
	Shareholders' equity attributable to parent company												Non-controlling interests	Total shareholders' equity	Shareholders' equity attributable to parent company												Non-controlling interests	Total shareholders' equity
	Share capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others			Share capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit	Others		
		Preference shares	Perpetual bonds	Others												Preference shares	Perpetual bonds	Others										
I.Balance at the end of prior year	215,000,000.00				185,374,533.85		-4,223,184.69		589,559.77		-50,056,514.64		106,131,917.02	452,816,311.31	215,000,000.00				185,374,533.85		-3,318,496.10		589,559.77		-33,465,684.38		103,102,591.99	467,282,505.13
Add: cumulative changes of accounting policies																												
Error correction of prior period																												
Business combination under common control																												
Others																												
II.Balance at the beginning of current year	215,000,000.00				185,374,533.85		-4,223,184.69		589,559.77		-50,056,514.64		106,131,917.02	452,816,311.31	215,000,000.00				185,374,533.85		-3,318,496.10		589,559.77		-33,465,684.38		103,102,591.99	467,282,505.13
III.Current period increase (decrease, expressed in negative figures)							-217,635.48				-21,109,095.63		3,872,549.40	-17,454,181.71							5,538.07				-16,613,763.93		2,955,760.64	-13,652,465.22
(I) Total comprehensive income							-217,635.48				-21,109,095.63		3,872,549.40	-17,454,181.71							5,538.07				-16,613,763.93		2,955,760.64	-13,652,465.22
(II) Capital contributed or withdrew by owners																												
1. Capital contributed by owners																												
2. Capital contributed by holders of other equity instruments																												
3. Amount of share-based payment included in equity																												
4. Others																												
(III) Profit distribution																												
1. Appropriation of surplus reserve																												
2. Appropriation of general risk reserve																												
3. Appropriation of profit to owners (shareholders)																												
4. Others																												
(IV) Internal carry-over within equity																												
1.Transfer of capital reserve to capital																												
2.Transfer of surplus reserve to capital																												
3.Surplus reserve to cover losses																												
4.Others																												
(V) Special reserve																												
1. Appropriation of current period																												
2. Application of current period																												
(VI) Others																												
IV. Balance at the end of current period	215,000,000.00				185,374,533.85		-4,440,820.17		589,559.77		-71,165,610.27		110,004,466.42	435,362,129.60	215,000,000.00				185,374,533.85		-3,312,958.03		589,559.77		-50,079,448.31		106,058,352.63	453,630,039.91

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT COMPANY — UNAUDITED

for the six months ended 30 June 2016

PREPARED BY: Nanjing Putian Telecommunications Co., Ltd. Monetary unit: RMB Yuan

Current period

Items	Share capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total equity
I. Balance at the end of prior year	215,000,000.00				172,417,299.81				589,559.76	-202,845,587.23	185,161,272.34
Add: Cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	215,000,000.00				172,417,299.81				589,559.76	-202,845,587.23	185,161,272.34
III.Current period increase (decrease, expressed in negative figures)										-29,442,909.45	-29,442,909.45
(I) Total comprehensive income										-29,442,909.45	-29,442,909.45
(II) Capital contributed or withdrew by owners											
1. Capital contributed by owners											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in equity											
4. Others											
(III) Profit distribution											
1. Appropriation of surplus reserve											
2. Appropriation of profit to owners											
3. Others											
(IV) Internal carry-over within equity											
1.Transfer of capital reserve to capital											
2.Transfer of surplus reserve to capital											
3.Surplus reserve to cover losses											
4.Others											
(V) Special reserve											
1. Appropriation of current period											
2. Application of current period											
(VI) Others											
IV. Balance at the end of current period	215,000,000.00				172,417,299.81				589,559.76	-232,288,496.68	155,718,362.89

Prior period

Items	Share capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual bonds	Other equity instruments: Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total equity
I. Balance at the end of prior year	215,000,000.00				172,417,299.81				589,559.76	-167,231,735.64	220,775,123.93
Add: Cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	215,000,000.00				172,417,299.81				589,559.76	-167,231,735.64	220,775,123.93
III.Current period increase (decrease, expressed in negative figures)										-30,579,685.33	-30,579,685.33
(I) Total comprehensive income										-30,579,685.33	-30,579,685.33
(II) Capital contributed or withdrew by owners											
1. Capital contributed by owners											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in equity											
4. Others											
(III) Profit distribution											
1. Appropriation of surplus reserve											
2. Appropriation of profit to owners											
3. Others											
(IV) Internal carry-over within equity											
1.Transfer of capital reserve to capital											
2.Transfer of surplus reserve to capital											
3.Surplus reserve to cover losses											
4.Others											
(V) Special reserve											
1. Appropriation of current period											
2. Application of current period											
(VI) Others											
IV. Balance at the end of current period	215,000,000.00				172,417,299.81				589,559.76	-197,811,420.97	190,195,438.60

Nanjing Putian Telecommunications Co., Ltd.
Notes to Financial Statements
Semi-annual Report 2016

Monetary unit: RMB Yuan

I. Company profile

Nanjing Putian Telecommunications Co., Ltd. (the “Company”) is the original Nanjing Telecommunication Facility Factory. It was established as a limited company by raising money which was approved by National Economic Institutional Reform Commission with its TGS (1997) No.28 issued on 21 March 1997. The Company was listed in Shenzhen Stock Exchange on 22 May 1997. The Company’s registration address is No.1 Putian Road, Qinhuai District, Nanjing City, Jiangsu Province. The Company acquired a corporate business license numbered 91320000134878054G, with registered capital of RMB215,000,000.00, total share of 215,000,000.00 in issue with the nominal value of RMB1 each.

The Company belongs to telecommunication equipment manufacture industry and is mainly engaged in researching and manufacturing the data, wire and wireless telecommunication equipment, distribution and allocation of layout of telecommunication product, and researching and developing, producing and selling multimedia computer, digital television, vehicle electronics and conference video system. The main services rendered by the Company include installation and maintenance equipment, communication information network and computer information system projects design, and systems integration and related consultancy service.

The financial report has been deliberated and approved by the 34th meeting of the 6th session of the Board of Directors on 26 August 2016.

The Company has brought 11 subsidiaries including 南京南方电讯有限公司（Nanjing South Telecommunications Company Limited [1]），南京普天天纪楼宇智能有限公司（Nanjing Putian Telege Intelligent Building Ltd.*） and 南京曼奈柯斯电器有限公司（Nanjing Mennekes Electrics Co., Ltd.*） etc. into the consolidated scope. Please refer to notes to changes in the consolidated scope and equity in other entities for details.

II. Preparation basis of the financial statements

(I) Preparation basis

The financial statements have been prepared on the basis of going concern.

(II) Assessment of the ability to continue as a going concern

The Company has no events or conditions that may cast significant doubts upon the Company’s ability to continue as a going concern within the 12 months after the balance sheet date.

III. Significant accounting policies and estimates

[1] *The English names are for identification purpose only.*

Important note:

The Company has set up accounting policies and estimates on transactions or events such as provision for bad debts of receivables, depreciation of fixed assets, amortization of intangible assets, and revenue recognition, etc. based on the Company's actual production and operation features.

(I) Statement of compliance

The financial statements have been prepared in accordance with the requirements of China Accounting Standards for Business Enterprises (CASBEs), and present truly and completely the financial position, results of operations and cash flows of the Company.

(II) Accounting period

The accounting year of the Company runs from January 1 to December 31 under the Gregorian calendar.

(III) Operating cycle

The Company has a relatively short operating cycle for its business, an asset or a liability is classified as current if it is expected to be realized or due within 12 months.

(IV) Functional currency

The Company's functional currency is Renminbi (RMB) Yuan.

(V) Accounting treatments of business combination under and not under common control

1. Accounting treatment of business combination under common control

Assets and liabilities arising from business combination are measured at carrying amount of the combined party included in the consolidated financial statements of the ultimate controlling party at the combination date. Difference between carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party and that of the combination consideration or total par value of shares issued is adjusted to capital reserve, if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

2. Accounting treatment of business combination not under common control

When combination cost is in excess of the fair value of identifiable net assets obtained from the acquiree at the acquisition date, theexcess is recognized as goodwill; otherwise, the fair value of identifiable assets, liabilities and contingent liabilities, and the measurement of the combination cost are reviewed, then the difference is recognized in profit or loss.

(VI) Compilation method of consolidated financial statements

The parent company brings all its controlled subsidiaries into its consolidation scope. The consolidated financial statements are compiled by the parent company according to "CASBE 33 - Consolidated Financial Statements", based on relevant information and the financial statements of the parent company and its subsidiaries.

(VII) Classification of joint arrangements and accounting treatment of joint operations

1. Joint arrangements include joint operations and joint ventures.

2. When the Company is a joint operator of a joint operation, it recognizes in relation to its interest in a joint operation:

(1) its assets, including its share of any assets held jointly;

(2) its liabilities, including its share of any liabilities incurred jointly;

(3) its revenue from the sale of its share of the output arising from the joint operation;

(4) its share of the revenue from the sales of the output by the joint operation; and

(5) its expenses, including its share of any expenses incurred jointly.

(VIII) Recognition criteria of cash and cash equivalents

Cash as presented in cash flow statement refers to cash on hand and deposit on demand for payment. Cash equivalents refer to short-term, highly liquid investments that can be readily converted to cash and that are subject to an insignificant risk of changes in value.

(IX) Foreign currency translation

1. Translation of transactions denominated in foreign currency

Transactions denominated in foreign currency are translated into RMB yuan at the spot exchange rate at the transaction date at initial recognition. At the balance sheet date, monetary items denominated in foreign currency are translated at the spot exchange rate at the balance sheet date with difference, except for those arising from the principal and interest of exclusive borrowings eligible for capitalization, included in profit or loss; non-cash items carried at historical costs are translated at the spot exchange rate at the transaction date, with its RMB amount unchanged; non-cash items carried at fair value in foreign currency are translated at the spot exchange rate at the date when the fair value was determined, with difference included in profit or loss or other comprehensive income.

2. Translation of financial statements measured in foreign currency

The assets and liabilities in the balance sheet are translated into RMB at the spot rate at the balance sheet date; the equity items, other than undistributed profit, are translated at the spot rate at the transaction date; the revenues and expenses in the income statement are translated into RMB at the spot exchange rate at the transaction date. The difference arising from foreign currency translation is included in other comprehensive income.

(X) Financial instruments

1. Classification of financial assets and financial liabilities

Financial assets are classified into the following four categories when initially recognized: financial assets at fair value through profit or loss (including held-for-trading financial assets and financial assets designated at initial recognition as at fair value through profit or loss), held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

Financial liabilities are classified into the following two categories when initially recognized: financial liabilities at fair value through profit or loss (including held-for-trading financial liabilities and financial liabilities designated at initial recognition as at fair value through profit or loss), and other financial liabilities.

2. Recognition criteria, measurement method and derecognition condition of financial assets and financial liabilities

When the Company becomes a party to a financial instrument, it is recognized as a financial asset or financial liability. The financial assets and financial liabilities initially recognized by the Company are measured at fair value; for the financial assets and liabilities at fair value through profit or loss, the transaction expenses thereof are directly included in profit or loss; for other categories of financial assets and financial liabilities, the transaction expenses thereof are included into the initially recognized amount.

The Company measures its financial assets at fair value subsequent to initial recognition, and does not deduct the transaction expenses that may occur when it disposes of the said financial asset in the future. However, those under the following circumstances are excluded: (1) the held-to-maturity investments, loans and receivables are measured at amortized costs using effective interest method; (2) the equity instrument investments for which there is no quotation in the active market and whose fair value cannot be measured reliably, and the derivative financial assets which are connected with the said equity instrument and must be settled by the delivery of the said equity instrument are measured at their costs.

The Company measures its financial liabilities at the amortized costs using effective interest method, with the exception of those under the following circumstances: (1) for the financial liabilities at fair value through profit or loss, they are measured at fair value, and none of the transaction expenses may be deducted, which may occur when the financial liabilities are settled in the future; (2) for the derivative financial liabilities, which are connected to the equity instrument for which there is no quotation in the active market and whose fair value cannot be reliably measured, and which must be settled by the delivery of the equity instrument, they are measured at their costs; (3) for the financial guarantee contracts which are not designated as a financial liability at fair value through profit or loss, and for the commitments to grant loans which are not designated as at fair value through profit or loss and which will enjoy an interest rate lower than that of the market, they are measured subsequent to initial recognition at the higher of the following two items 1) The amount as determined according to “CASBE13 - Contingencies”; 2) the surplus after accumulative amortization as determined according to “CASBE14 - Revenues”.

The gains or losses arising from changes in fair value of financial assets or financial liabilities, if not related to hedging, are measured with the following methods: (1) Gains or losses, arising from the changes in fair value of financial asset or liability at its fair value through profit or loss, is included in gains or losses on changes in fair value; interests or cash dividends gained during the asset-holding period are recognized as investment income; when disposing of the assets, investment income is recognized at the difference between the actual amount received and the initial recorded amount, at the same time, gains or losses on changes in fair value are adjusted accordingly. (2) For available-for-sale financial asset, changes in fair value are recorded as other comprehensive income during the holding period, interests measured at effective interest method are recorded as investment income; cash dividends from available-for-sale equity instrument investment are recognized as investment income at the date of dividend declaration; when disposing of the assets, investment income is recognized at the difference between the actual amount received and the book value deducting the accumulative amount of changes in fair value originally included in other comprehensive.

Financial assets are derecognized when the contractual rights for collecting the cash flow of the said financial assets expire or substantially all risks and rewards related to the said financial assets have been transferred. Only when the underlying present obligations of a financial liability are relieved totally or partly may the financial liability be derecognized accordingly.

3. Recognition criteria and measurement method of financial assets transfer

Where the Company has transferred substantially all of the risks and rewards related to the ownership of the financial asset to the transferee, it derecognizes the financial asset. If it retained substantially all of the risks and rewards related to the ownership of the financial asset, it continues recognizing the financial asset, and the consideration received is recognized as a financial liability. Where the Company does not transfer or retain substantially all of the risks and rewards related to the ownership of a financial asset, it is dealt with according to the circumstances as follows respectively: (1) if the Company gives up its control over the financial asset, it derecognizes the financial asset; (2) if the Company does not give up its control over the financial asset, according to the extent of its continuing involvement in the transferred financial asset, it recognizes the related financial asset and recognizes the relevant liability accordingly.

If the transfer of an entire financial asset satisfies the conditions for derecognition, the difference between the amounts of the following two items are included in profit or loss: (1) the book value of the transferred financial asset; (2) the sum of consideration received from the transfer, and the accumulative amount of the changes of the fair value originally included in equity. If the transfer of financial asset partially satisfies the conditions to derecognition, the entire book value of the transferred financial asset is, between the portion which is derecognized and the portion which is not, apportioned according to their respective relative fair value, and the difference between the amounts of the following two items are included into profit or loss: (1) the book value of the portion which is derecognized; (2) the sum of consideration of the portion which is derecognized, and the portion of the accumulative amount of the changes in the fair value originally included in equity which is corresponding to the portion which is derecognized.

4. Fair value determination method of financial assets and liabilities

The Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value. The inputs to valuation techniques used to measure fair value are arranged in the following hierarchy and used accordingly:

(1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

(2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability, for example, interest rates and yield curves observable at commonly quoted intervals; market-corroborated inputs;

(3) Level 3 inputs are unobservable inputs for the asset or liability. Level 3 inputs include interest rate that is not observable and cannot be corroborated by observable market data at commonly quoted intervals, historical volatility, future cash flows to be paid to fulfill the disposal obligation assumed in business combination, and financial forecast developed using the Company’s own data, etc.

5. Impairment test and provision for impairment loss of financial assets

(1) An impairment test is carried out at the balance sheet date on the financial assets other than those at fair value through profit or loss, and provisions for impairment loss should be made if there is objective evidence indicating impairment loss.

(2) For held-to-maturity investments, borrowings, and receivables, an impairment test is made on an individual basis on financial assets of individually significant amount; with regard to the financial assets of individually insignificant amount, they may be included in a portfolio of financial assets with similar credit risk features so as to carry out an impairment-related test; where, upon the impairment test on an individual basis, the financial asset (including those financial assets of individually significant amount and of individually insignificant amount) is not impaired, it is included in a portfolio of financial assets with similar credit risk features so as to conduct further impairment test.Where a financial asset is impaired, the carrying amount of the said financial asset is written down to the present value of the predicted future cash flow.

(3) Available-for-sale financial assets

1) Objective evidence indicating that available-for-sale debt instrument investments may be impaired includes:

a. significant financial difficulties in the debtor;

b. breach of contract by the debtor, such as principal or interest past due or default;

c. concessions made to debtors with financial difficulties considering economic and legal factors;

d. it is highly probable that the debtor is going to dissolve or going through other terms of financial restructuring;

e. owing to significant financial difficulties occurred to the debtor, the debt instrument is discontinued to trade in active market; or

f. Other circumstances indicating that available-for-sale debt instrument may be impaired.

2) Evidence indicating that available-for-sale equity instrument investment may be impaired includes the fair value of equity instrument investment is suffered from significant or non-temporary decline and the technical, market, economic, or legal environment in which the investee operates has significant adverse changes under which the Company may not be able to recover its investment cost.

The Company performs review on available-for-sale equity instrument investment on an individual basis at the balance sheet date. For equity instrument investment at fair value, if the balance sheet date fair value is 50% or above lower than the cost, or the balance sheet date fair value has been lower than the cost for a consecutive of 12 months or longer, it is determined that such equity instrument investment is impaired; if the balance sheet date fair value is 20% or above but not exceeding 50% lower than the cost, or the balance sheet date fair value has been lower than the cost for a consecutive of 6 months or longer but not exceeding 12 months, the Company may take other factors such as price volatility into consideration in determining whether such equity instrument investment is impaired. For equity instrument investment at cost, the Company considers whether the technical, market, economic, or legal environment in which the investee operates has significant adverse changes to determine whether such equity instrument is impaired.

When an available-for-sale financial asset at fair value is impaired, the cumulative loss arising from decline in fair value that has been recognized directly in other comprehensive income is reclassified to impairment loss. If, after an impairment loss has been recognized on available-for-sale debt instrument investment, there is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. Subsequent fair value increase in available-for-sale debt instrument investment whose impairment loss has been recognized is directly recognized in other comprehensive income.

When an available-for-sale equity instrument at cost is impaired, impairment loss on such equity instrument investment is recognized at any excess of its carrying amount over the present value of future cash flows, and such impairment loss is not reversed upon recognition.

(XI) Receivables

1. Receivables of individually significant amount and with provision made on an individual basis

Judgment basis or amount criteria of individually significant amount	Receivables amounting to more than 10 million yuan
Provision method for receivables of individually significant amount and with provision made on an individual	Provisions are made on the difference between the lower of present value of future cash flow and their carrying amount based on impairment testing on an individual

basis	basis.

2. Receivables with provision made on a collective basis using portfolios with similar credit risk features

(1) Specific portfolios and provision method

Provision method of provision being made on collective basis using portfolios with similar credit risk features:	
Portfolio 1	Grouped with related party balances within the consolidation scope
Portfolio 2	Grouped with age
Portfolios and provision method	
Portfolio 1	No provision
Portfolio 2	Age analysis method

(2) Age analysis method

Ages	Proportion of provision for accounts receivable (%)	Proportion of provision for other receivables (%)
Within 1 year (inclusive, the same hereinafter)	0.00	0.00
1-2 years	0.00	0.00
2-3 years	10.00	10.00
3-4 years	30.00	30.00
4-5 years	40.00	40.00
5-6 years	80.00	80.00
Over 6 years	100.00	100.00

3. Receivables of individually insignificant amount but with provision made on an individual basis

Reasons for provision made on an individual basis	Impairment test on an individual basis with objective evidence indicating that the receivable is impaired
Provision method	Provision method made on an individual basis

For other receivables such as notes receivable, interest receivable and long-term receivable, etc., provision for bad debts is made at the difference between the present value of future cash flow and the carrying amount.

(XII) Inventories

1. Classification of inventories

Inventories include finished goods or goods held for sale in the ordinary course of business, work in process in the process of production, and materials or suppliers etc. to be consumed in the production process or in the rendering of services.

2. Accounting method for dispatching inventories:

Inventories dispatched from storage are accounted for with weighted average method.

3. Basis for determining net realizable value

At the balance sheet date, inventories are measured at the lower of cost or net realizable value; provisions for inventory write-down are made on the excess of its cost over the net realizable value. The net realizable value of inventories held for sale is determined based on the amount of the estimated selling price less the estimated selling expenses and relevant taxes and surcharges in the ordinary course of business; the net realizable value of materials to be processed is determined based on the amount of the estimated selling price less the estimated costs of completion, selling expenses and relevant taxes and surcharges in the ordinary course of business; at the balance sheet date, when only part of the same item of inventories have agreed price, their net realizable value is determined separately and is compared with their costs to set the provision for inventory write-down to be made or reversed.

4. Inventory system

Perpetual inventory method is adopted.

5. Amortization method of low-value consumables and packages

(1) Low-value consumables

Low-value consumables are amortized with one-off method.

(2) Packages

Packages are amortized with one-off method.

(XIII) Assets classified as held-for-sale

Non-current assets (excluding financial assets) are accounted for as held-for-sale when the following conditions are all met: a. the component must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such component; b. the Company has made a decision on the disposal of the component; c. the Company has signed an irrevocable transfer agreement with the transferee; and d. the transfer is expected to be completed within one year.

(XIV) Long-term equity investments

1. Judgment of joint control and significant influence

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of these policies.

2. Determination of investment cost

(1) For business combination under common control, if the consideration of the combining party is that it makes payment in cash, transfers non-cash assets, assumes its liabilities or issues equity securities, on the date of combination, it regards the share of the carrying amount of the equity of the combined party included the consolidated financial statements of the ultimate controlling party as the initial cost of the investment. The difference between the initial cost of the long-term equity investment and the carrying value of the combination consideration paid or the par value of shares issued offsets capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

When long-term equity investments are obtained through business combination under common control achieved in stages, the Company determines whether it is a “bundled transaction”.If it is a “bundled transaction”, stages as a whole are considered as one transaction in accounting treatment. If it is not a “bundled transaction”, investment cost is initially recognized at the share of the carrying amount of net assets of the combined party included the consolidated financial statements of the ultimate controlling party. The difference between the acquisition-date investment cost of long-term equity investments and the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity is adjusted to capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

(2) For business combination not under common control, investment cost is initially recognized at the acquisition-date fair value of considerations paid.

When long-term equity investments are obtained through business combination not under common control achieved in stages, the

Company determined whether they are stand-alone financial statements or consolidated financial statements in accounting treatment:

1) In the case of stand-alone financial statements, investment cost is initially recognized at the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity.

2) In the case of consolidated financial statements, the Company determines whether it is a "bundled transaction". If it is a "bundled transaction", stages as a whole are considered as one transaction in accounting treatment. If it is not a "bundled transaction", the carrying value of the acquirer's previously held equity interest in the acquire is re-measured at the acquisition-date fair value, and the difference between the fair value and the carrying amount is recognized in investment income; when the acquirer's previously held equity interest in the acquire involves other comprehensive income under equity method, the related other comprehensive income is reclassified as income for the acquisition period, excluding other comprehensive income arising from changes in net liabilities or assets from re-measurement of defined benefit plan of the acquiree.

(3) Long-term equity investment obtained through ways other than business combination: the initial cost of a long-term equity investment obtained by making payment in cash is the purchase cost which is actually paid; that obtained on the basis of issuing equity securities is the fair value of the equity securities issued; that obtained through debt restructuring is determined according to "CASBE12 - Debt Restructuring"; and that obtained through non-cash assets exchange is determined according to "CASBE7 - Non-cash Assets Exchange".

3. Subsequent measurement and recognition method of gain or loss

For long-term equity investment with control relationship, it is accounted for with cost method; for long-term equity investment with joint control or significant influence relationship, it is accounted for with equity method.

4. Disposal of a subsidiary in stages resulting in the Company's loss of control

(1) Stand-alone financial statements

The difference between the carrying amount of the disposed equity and the consideration obtained thereof is recognized in profit or loss. If the disposal does not result in the Company's loss of significant influence or joint control, the remained equity is accounted for with equity method; however, if the disposal results in the Company's loss of control, joint control, or significant influence, the remained equity is reclassified as available-for-sale financial assets, and accounted for according to CASBE 22 –Financial Instruments: Recognition and Measurement.

(2) Consolidated financial statements

1) Disposal of a subsidiary in stages not qualified as "bundled transaction" resulting in the Company's loss of control

Before the Company's loss of control, the difference between the disposal consideration and the proportionate share of net assets in the disposed subsidiary from acquisition date or combination date to the disposal date is adjusted to capital reserve (capital premium), if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

When the Company loses control, the remained equity is re-measured at the loss-of-control-date fair value. The aggregated value of disposal consideration and the fair value of the remained equity, less the share of net assets in the disposed subsidiary held before the disposal from the acquisition date or combination date to the disposal date is recognized in investment income in the period when the Company loses control over such subsidiary, and meanwhile goodwill is offset correspondingly. Other comprehensive income related to equity investments in former subsidiary is reclassified as investment income upon the Company's loss of control.

2) Disposal of a subsidiary in stages qualified as "bundled transaction" resulting in the Company's loss of control

In case of "bundled transaction", stages as a whole are considered as one transaction resulting in loss of control in accounting treatment. Before the Company loses control, the difference between the disposal consideration at each stage and the proportionate share of net assets in the disposed subsidiary is recognized as other comprehensive income at the consolidated financial statements and reclassified as profit or loss in the period when the Company loses control over such subsidiary.

(XV) Investment property

1. Investment property includes land use right of rent-out property and of property held for capital appreciation and buildings that have been leased out.

2. The initial measurement of investment property is based on its cost, and subsequent measurement is made using the cost model, the depreciation or amortization method is the same as that of fixed assets and intangible assets.

(XVI) Fixed assets

1. Recognition principles of fixed assets

Fixed assets are tangible assets held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and expected to be used during more than one accounting year. Fixed assets are recognized if, and only if, it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the assets can be measured reliably.

2. Depreciation method of different categories of fixed assets

Categories	Depreciation method[2]	Useful life (years)	Estimated residual value proportion (%)	Annual depreciation rate (%)
Buildings and structures	straight-line method	15-35	3.00	2.77-6.47
Mechanical equipment	straight-line method	10-15	3.00	6.47-9.70
Transport facilities	straight-line method	6-8	3.00	12.13-16.17
Electronic equipment	straight-line method	4-11	3.00	2.2-24.25
Office equipment and others	straight-line method	4-11	3.00	2.2-24.25

(XVII) Construction in progress

1. Construction in progress is recognized if, and only if, it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. Construction in progress is measured at the actual cost incurred to reach its designed usable conditions.

2. Construction in progress is transferred into fixed assets at its actual cost when it reaches its designed usable conditions. When the construction completion cost reaches final estimating and auditing of the construction in progress was not finished while it reaching the designed usable conditions, it is transferred to fixed assets using estimated value first, and then adjusted accordingly when the actual cost is settled, but the accumulated depreciation is not to be adjusted retrospectively.

(XVIII) Borrowing costs

1. Recognition principle of borrowing costs capitalization

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it is capitalized and included in the costs of relevant assets; other borrowing costs are recognized as expenses on the basis of the actual amount incurred, and are included in profit or loss.

2. Borrowing costs capitalization period

(1) The borrowing costs are not capitalized unless they following requirements are all met: 1) the asset disbursements

[2]Methods include straight-line method, unit-of-production method, double-declining-balance method, sum-of-the-years-digits method, as well as other methods.

have already incurred; 2) the borrowing costs have already incurred; and 3) the acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

(2) Suspension of capitalization: where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs is suspended; the borrowing costs incurred during such period are recognized as expenses, and are included in profit or loss, till the acquisition and construction or production of the asset restarts.

(3) Ceasing of capitalization: when the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs is ceased.

3. Capitalization rate and capitalized amount of borrowing costs

For borrowings exclusively for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interests is determined in light of the actual interest expenses incurred (including amortization of premium or discount based on effective interest method) of the special borrowings at the present period minus the income of interests earned on the unused borrowings as a deposit in the bank or as a temporary investment; where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the Company calculates and determines the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used.

(XIX) Intangible assets

1. Intangible asset includes land use right, patent right and non-patented technology etc. The initial measurement of intangible asset is based its cost.

2. For intangible assets with finite useful lives, its amortization amount is amortized within its useful lives systematically and reasonably, if it is unable to determine the expected realization pattern reliably, intangible assets are amortized by the straight-line method with details as follows:

Items	Amortization period (years)
Software	3-10
Patent right and non-patented technology	5-10
Land use right	40-50

3. Expenditures on the research phase of an internal project are recognized as profit or loss when it is incurred. An intangible asset arising from the development phase of an internal project is recognized if the Company can demonstrate all of the following: (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (2) its intention to complete the intangible asset and use or sell it; (3) how the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (4) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (5) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

(XX) Impairment of part of non-current assets

For non-current assets such as long-term equity investments, investment property at cost model, fixed assets, construction in progress, intangible assets with finite useful life, etc., if at the balance sheet date there is indication of impairment, the recoverable amount is estimated. For goodwill recognized in business combination and intangible assets with indefinite useful life, no matter whether there is indication of impairment, impairment test is performed annually. Impairment test on goodwill is performed on related group of assets or a portfolio of groups of assets.

When the recoverable amount of such non-current assets is lower than their carrying amount, the difference is recognized as assets impairment loss through profit or loss.

(XXI) Long-term prepayments

Long-term prepayments are expenses that have been recognized but with amortization period over one year (excluding one year). They are recorded with actual cost, and evenly amortized within its beneficiary period or stipulated period. If items of long-term prepayments fail to be beneficial to the following accounting periods, residual values of such items are included in profit or loss.

(XXII) Employee benefits

1. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

2. Short-term employee benefits

The Company recognizes, in the accounting period in which an employee provides service, short-term employee benefits actually incurred as liabilities, with a corresponding charge to profit or loss or the cost of a relevant asset.

3. Post-employment benefits

The Company classifies post-employment benefit plans as either defined contribution plans or defined benefit plans.

(1) The Company recognizes in the accounting period in which an employee provides service the contribution payable to a defined contribution plan as a liability, with a corresponding charge to profit or loss or the cost of a relevant asset.

(2) Accounting treatment by the Company for defined benefit plan usually involves the following steps:

1) In accordance with the projected unit credit method, using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial variables, measure the obligations under the defined benefit plan, and determine the periods to which the obligations are attributed. The Company discounts obligations under the defined benefit plan using the discount rate to determine the present value of the defined benefit plan obligations and the current service cost;

2) When a defined benefit plan has assets, the Company recognizes the deficit or surplus by deducting the present value of the defined benefit plan obligation from the fair value of defined benefit plan assets as a net defined benefit plan liability or net defined benefit plan asset. When a defined benefit plan has a surplus, the Company measures the net defined benefit plan asset at the lower of the surplus in the defined benefit plan and the asset ceiling;

3) At the end of reporting period, the Company recognizes the following components of employee benefits cost arising from defined benefit plan: a. service cost; b. net interest on the net defined benefit plan liability (asset); and c. Changes as a result of re-measurement of the net defined benefit liability (asset). Item a and item b are recognized in profit or loss or the cost of a relevant asset. Item c is recognized in other comprehensive income and is not to be reclassified subsequently to profit or loss. However, the Company may transfer those amounts recognized in other comprehensive income within equity.

4. Termination benefits

Termination benefits provided to employees are recognized as an employee benefit liability for termination benefits, with a corresponding charge to profit or loss at the earlier of the following dates: a. when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; or b. when the Company recognizes cost or expenses related to a restructuring that involves the payment of termination benefits.

5. Other long-term employee benefits

When other long-term employee benefits provided by the Company to the employees satisfied the conditions for classifying as a defined contribution plan, those benefits are accounted for in accordance with the requirements relating to defined contribution plan. The Company recognizes and measures the net liability or net asset of other long-term employee benefits in accordance with the requirements relation to defined benefit plan. At the end of the reporting period, the Company recognizes the components of cost of employee benefits arising from other long-term employee benefits as the followings: a. service cost; b. net interest on the net liability or net assets of other long-term employee benefits; and c. changes as a result of re-measurement of the net liability or net assets of other long-term employee benefits. As a practical expedient, the net total of the aforesaid amounts are recognized in profit or loss or included in the cost of a relevant asset.

(XXIII) Provisions

1. Provisions are recognized when fulfilling the present obligations arising from contingencies such as providing guarantee for other parties, litigation, products quality guarantee, onerous contract, etc., may cause the outflow of the economic benefit and such obligations can be reliably measured.

2. The initial measurement of provisions is based on the best estimated expenditures required in fulfilling the present obligations, and its carrying amount is reviewed at the balance sheet date.

(XXIV) Revenue

1. Revenue recognition principles

(1) Sale of goods

Revenue from sale of goods is recognized if, and only if, the following conditions are all satisfied: a) significant risks and rewards of ownership of the goods is transferred to the buyer; b) the Company retains neither continuing managerial involvement of ownership nor effective control over the goods sold; c) the amount of revenue can be measured reliably; d) it is probable that the economic benefits of the transaction will flow to the Company; and e) the costs of the transaction incurred and to be incurred can be measured reliably.

(2) Rendering of services

When the outcome of the transaction can be estimated reliably (the amount of revenue can be measured reliably, it is probable that the economic benefits will flow to the Company, the percentage of completion of the transaction can be determined reliably, and the costs of the transaction incurred and to be incurred can be measured reliably), revenue from rendering of services is recognized using the percentage of completion method, and the stage of completion is determined at the proportion of costs incurred to the estimated total costs. When the outcome of the transaction cannot be estimated reliably at the balance sheet date, revenue is recognized based on the amount of the costs incurred and the costs incurred are charged off at the same amount when the costs incurred are expected to be recoverable; and no revenue is recognized and the costs incurred are charged off as an expense of the period when the costs incurred are not expected to be recovered.

(3) Revenue arising from use by others of assets

Revenue arising from use by others of assets is recognized if, and only if, it is probable that economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. Interest income is recognized based on the length of time for which the Company’s cash is used by others and the effective interest rate; and royalties are recognized according to the period and method of charging as specified in relevant contract or agreement.

2. Revenue recognition method adopted by the Company

The Company's main product is the telecommunication product. Revenue is recognized if, and only if, the following conditions are all met: the Company has delivered goods to the purchaser based on contractual agreements; customers have accepted goods and settled the payment; goods payment has been collected or the Company has obtained receipts invoices and it is probable that economic benefits associated with the transaction will flow to the Company; and the costs of the transaction incurred and to be incurred can be measured reliably.

(XXV) Government grants

1. Government grants related to assets

Government grants related to assets are government grants, with which the Company purchase, construct or otherwise acquire non-current assets. They are recognized as deferred income, and amortized on a straight-line method over the useful lives of the relevant assets, and included in profit or loss. However, those measured at notional amount is directly included into profit or loss.

2. Government grants related to income

Government grants related to income are government grants other than those related to assets. Government grants related to income if used for compensating the related future expenses or losses of the Company are recognized as deferred income and are included in profit or loss during the period when the relevant expenses are recognized; if used for compensating the related expenses or losses incurred to the Company are directly included in profit or loss.

(XXVI) Operating leases

When the Company is the lessee, lease payments are recognized as cost or profit or loss with straight-line method over the lease term. Initial expenses are recognized directly into profit or loss. Contingent rents are charged as profit or loss in the periods in which they are incurred.

When the Company is the lessor, lease income is recognized as profit or loss with straight-line method over the lease term. Initial expenses, other than those with material amount and eligible for capitalization which are recognized as profit or loss by installments, are recognized directly as profit or loss. Contingent rents are charged into profit or loss in the periods in which they are incurred.

IV. Taxes

(I) Main taxes and tax rates

Taxes	Tax bases	Tax rates
Value-added tax (VAT)	The taxable revenue from sales of goods or rendering of services	17%
Business tax	The taxable business turnover	3%-5%
Urban maintenance and construction tax	Turnover tax payable	7%
Education surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%

Enterprise income tax	Taxable income	15%-25%

Different enterprise income tax rates applicable to different taxpayers:

Taxpayers	Income tax rate
Nanjing Putian Telege Intelligent Building Ltd.	15%
南京普天长乐通信设备有限公司 (Nanjing Putian Changle Telecommunications Equipment Co., Ltd.[3])	15%
南京普天大唐信息电子有限公司 (Nanjing Putian Datang Information Electronic Co., Ltd.[4])	15%
南京普天网络有限公司 (Nanjing Putian Network Company Ltd.*)	15%
南京普天通信科技有限公司 (Nanjing Putian Telecommunication Technology Company Ltd.*)	15%
普天通信（香港）股份有限公司 (Putian Telecommunications (H.K.) Co., Ltd.*)	16.5%
Taxpayers other than the above-mentioned	25%

Subsidiary, Putian Telecommunications (H.K.) Co., Ltd., was established in Hong Kong on 1 December 2000, and is subject to the Enterprise Income Tax at a rate of 16.5%, according to relevant rules in Hong Kong.

(II) Tax preferential policies

The subsidiaries, Nanjing Putian Telege Intelligent Building Ltd., Nanjing Putian Changle Telecommunications Equipment Co., Ltd., Nanjing Putian Network Company Ltd. and Nanjing Putian Datang Information Electronic Co., Ltd., recognised as high-tech enterprises, are subject to the enterprise income tax at a reduced rate of 15 %.

The subsidiary, 南京通信设备厂七分厂(Nanjing Telecommunication Equipment Factory- the Seven Branch*), is a social welfare enterprise. Accordance to the provisions of GSF (2007) No.067, it enjoys the preferential tax policy of value-added tax levied immediately returned and the disabled people's wage deduction.

The subsidiaries, Nanjing Putian Datang Information Electronic Co., Ltd. and Nanjing Putian Telecommunication Technology Company Ltd., which were recognised as software enterprises, and some software products produced by Nanjing South Telecommunications Company Limited and Nanjing Putian Network Company Ltd., enjoy the preferential tax policy of value-added tax levied immediately returned with the provisions of CS(2011) No.100.

V. Notes to items of consolidated financial statements

(I) Notes to items of the consolidated balance sheet

1. Cash and bank balances

(1) Details

Items	Closing balance	Opening balance
Cash on hand	11,991.67	2,554.25
Cash in bank	246,397,399.85	405,918,389.43

[3] *The English names are for identification purpose only.*
[4] *The English names are for identification purpose only.*

Other cash and bank balances	48,381,421.04	56,038,240.66
Total	294,790,812.56	461,959,184.34

(2) Other remarks

Other cash and bank balances include the acceptance deposit and the letter of guarantee deposit. The acceptance deposit amounts to 47,608,046.04 yuan and the letter of guarantee deposit amounts to 773,375.00 yuan.

2. Notes receivable

(1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Bank acceptance	17,486,855.55		17,486,855.55	26,318,796.40		26,318,796.40
Trade acceptance	4,917,513.60		4,917,513.60	6,021,033.32		6,021,033.32
Total	22,404,369.15		22,404,369.15	32,339,829.72		32,339,829.72

(2) Endorsed or discounted but undue notes at the balance sheet date

Items	Closing balance derecognized	Closing balance not yet derecognized
Bank acceptance	19,595,791.68	
Trade acceptance	6,780,360.44	
Subtotal	26,376,152.12	

Due to the fact that the acceptor of bank acceptance is commercial bank, which is of high credit level, there is very little possibility of failure in recoverability when it is due. Based on this fact, the Company derecognized the endorsed or discounted bank acceptance. However, if any bank acceptance is not recoverable when it is due, the Company still holds joint liability on such acceptance, according to the China Commercial Instrument Law.

3. Accounts receivable

(1) Details

1) Details of different categories of accounts receivable

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis					
Receivables with provision made on a collective basis using portfolios with similar credit risk features	945,939,511.21	99.03	24,111,287.25	2.55	921,828,223.96

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Portfolio 1					
Portfolio 2	945,939,511.21	99.03	24,111,287.25	2.55	921,828,223.96
Receivable of individually insignificant amount but with provision made on an individual basis	9,224,153.54	0.97	9,224,153.54	100.00	
Total	955,163,664.75	100.00	33,335,440.79	3.49	921,828,223.96

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis					
Receivables with provision made on a collective basis using portfolios with similar credit risk features	800,746,638.81	98.84	22,694,181.97	2.83	778,052,456.84
Portfolio 1					
Portfolio 2	800,746,638.81	98.84	22,694,181.97	2.83	778,052,456.84
Receivable of individually insignificant amount but with provision made on an individual basis	9,360,326.66	1.16	9,360,326.66	100.00	
Total	810,106,965.47	100.00	32,054,508.63	3.96	778,052,456.84

2) In portfolios, accounts receivable with provision made on a collective basis with age analysis method

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	726,030,236.37		
1-2 years	132,184,207.82		
2-3 years	42,305,980.97	4,231,458.96	10.00
3-4 years	19,018,446.35	5,705,533.90	30.00
4-5 years	19,282,341.21	7,712,936.48	40.00
5-6 years	3,284,702.91	2,627,762.33	80.00
Over 6 years	3,833,595.58	3,833,595.58	100.00

Subtotal	945,939,511.21	24,111,287.25	2.55

(2) Provisions made, collected or reversed in current period

Provision for bad debts made in current period totaled 1,179,359.42 yuan, and provision for bad debts resulting from the fluctuations in exchange was 101,572.74 yuan.

(3) Details of the top 5 debtors with largest balances

Debtors	Book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
中国电信股份有限公司江苏分公司 (China Telecom Co., Ltd. Jiangsu Branch[5])	79,237,019.19	8.30	82,027.96
中国普天信息产业股份有限公司 (China Potevio Company Limited*)	34,081,649.21	3.57	255,181.64
泉州市华和通信技术有限公司 (Quanzhou Huahe Communications and Technology Co., Ltd.*)	21,400,715.00	2.24	9,108.00
北京真视通科技股份有限公司 (Beijing Transtrue Technology Inc.*)	18,511,058.00	1.94	
中国电信股份有限公司陕西分公司 (China Telecom Co., Ltd. Shanxi Branch *)	14,613,453.72	1.53	64,753.21
Subtotal	167,843,895.12	17.57	411,070.81

4. Advances paid

(1) Age analysis

1) Details of ages

Ages	Closing balance			
	Book balance	Proportion (%)	Provision for bad debts	Carrying amount
Within 1 year	35,999,856.11	73.63		35,999,856.11
1-2 years	4,892,864.21	10.01		4,892,864.21
2-3 years	1,479,418.49	3.03		1,479,418.49
Over 3 years	6,518,695.23	13.33		6,518,695.23
Total	48,890,834.04	100.00		48,890,834.04

(Continued)

Ages	Opening balance			
	Book balance	Proportion (%)	Provision for bad debts	Carrying amount
Within 1 year	27,593,783.68	75.20		27,593,783.68
1-2 years	2,549,193.53	6.95		2,549,193.53
2-3 years	2,540,818.11	6.92		2,540,818.11

[5] *The English names are for identification purpose only.*

Ages	Opening balance			
	Book balance	Proportion (%)	Provision for bad debts	Carrying amount
Over 3 years	4,008,533.75	10.93		4,008,533.75
Total	36,692,329.07	100.00		36,692,329.07

2) Reasons for unsettlement on advances paid with age over one year and significant amount

Debtors	Closing balance	Reasons for unsettlement
北京鸿博腾达科技发展有限公司 (Beijing Hongbo Tengda Science and Technology Development Co., Ltd.[6])	881,505.00	The contract is not fulfilled.
甘肃锐通网络科技有限责任公司 (Gansu Ruitong Network Technology Co., Ltd.*)	500,000.00	The settlement is not completed.
上海裕驰科贸发展有限公司 (Shanghai YuChi Trade development Co., Ltd. *)	300,000.00	The contract is not fulfilled.
江苏省电力公司常州供电公司 (Changzhou Power Supply Company of Jiangsu Electric Power Company*)	130,586.36	The project is not completed.
Subtotal	1,812,091.36	

(2) Details of the top 5 debtors with largest balances

Debtors	Book balance	Proportion to the total balance of advances paid (%)
南京日帅通信设备有限公司 (Nanjing Rishuai Communication Equipment Co., Ltd.*)	6,439,654.93	13.17
湖北信通通信有限公司 (Hubei Xintong Communication Co., Ltd. *)	4,362,603.47	8.92
中新房环渤海有限公司 (China New Building Bohai Rim Co., Ltd.*)	1,338,399.78	2.74
南京聚科光电技术有限公司 (Nanjing Focusing Optics Co., Ltd.*)	1,100,000.00	2.25
溧阳市水利市政建筑有限公司南京分公司 (Liyang Water Conservancy and Municipal Construction Co., Ltd. Nanjing Branch*)	960,675.92	1.96
Subtotal	14,201,334.10	29.05

5. Other receivables

(1) Details

1) Details on categories

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis	28,912,122.71	37.26	28,912,122.71	100.00	
Receivables with provision made on a collective basis using portfolios with similar credit risk features	48,685,965.19	62.74	5,483,188.84	11.26	43,202,776.35

[6] *The English names are for identification purpose only.*

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Including: Portfolio 1					
Portfolio 2	48,685,965.19	62.74	5,483,188.84	11.26	43,202,776.35
Receivable of individually insignificant amount but with provision made on an individual basis					
Total	77,598,087.90	100.00	34,395,311.55	44.32	43,202,776.35

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis	28,912,122.71	43.68	28,912,122.71	100.00	
Receivables with provision made on a collective basis using portfolios with similar credit risk features	37,273,475.89	56.32	5,038,904.67	13.52	32,234,571.22
Including: Portfolio 1					
Portfolio 2	37,273,475.89	56.32	5,038,904.67	13.52	32,234,571.22
Receivable of individually insignificant amount but with provision made on an individual basis					
Total	66,185,598.60	100.00	33,951,027.38	51.30	32,234,571.22

2) Other receivables of individually significant amount and with provision made on an individual basis

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons for provision made
北京立康普通信设备有限公司 (Beijing Picom Telecommunications Equipment Co., Ltd.[7])	28,912,122.71	28,912,122.71	100.00	Aging longer cannot be recalled
Subtotal	28,912,122.71	28,912,122.71	100.00	

3) In portfolios, other receivables with provision made on a collective basis with age analysis method

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	27,590,195.28		

[7] *The English names are for identification purpose only.*

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
1-2 years	10,859,015.07		
2-3 years	3,339,255.86	333,925.59	10.00
3-4 years	912,454.29	273,736.29	30.00
4-5 years	1,718,889.59	687,555.84	40.00
5-6 years	390,919.92	312,735.94	80.00
Over 6 years	3,875,235.18	3,875,235.18	100.00
Subtotal	48,685,965.19	5,483,188.84	11.26

(2) Provisions made, collected or reversed in current period

Provision for bad debts made in current period totaled 440,367.21 yuan, and provision for bad debts resulting from the fluctuations in exchange was 3,916.96 yuan.

(3) Other receivables categorized by nature

Nature of receivables	Closing balance	Opening balance
Fund of disbursement for travel expenses	1,468,494.69	3,909,096.00
Deposit as security	30,802,877.77	23,595,945.99
Temporary advance payment receivable	43,147,623.74	35,096,707.76
Others	2,179,091.70	3,583,848.85
Total	77,598,087.90	66,185,598.60

(4) Details of the top 5 debtors with largest balances

Debtors	Nature of receivables	Book balance	Age	Proportion to the total balance of other receivables (%)	Provision for bad debts
Beijing Picom Telecommunications Equipment Co., Ltd.	Temporary advance payment receivable	28,912,122.71	Over 6 years	37.26	28,912,122.71
Hubei Xintong Communication Co., Ltd.	Deposit as security	4,784,198.21	0-2 years	6.17	
中国移动通信集团公司江苏有限公司 (China Mobile Communications Corporation Jiangsu Branch[8])	Deposit as security	3,200,000.00	0-3 years	4.12	15,000.00
China Potevio Company Limited	Deposit as security	1,050,000.00	2-3 years	1.35	100,000.00
中国联合网络通信	Deposit as	630,000.00	3-6 years	0.81	444,000.00

[8] *The English names are for identification purpose only.*

Debtors	Nature of receivables	Book balance	Age	Proportion to the total balance of other receivables (%)	Provision for bad debts
有限公司辽宁省分公司 (China Netcom. Liaoning Branch *)	security				
Subtotal		38,576,320.92		49.71	29,471,122.71

6. Inventories

(1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for write-down	Carrying amount	Book balance	Provision for write-down	Carrying amount
Raw materials	40,709,778.73	2,076,580.88	38,633,197.85	32,490,746.73	2,076,580.88	30,414,165.85
Work in process	18,934,374.01		18,934,374.01	16,876,174.05		16,876,174.05
Goods on hand	332,601,905.77	6,565,536.77	326,036,369.00	350,154,616.50	6,943,495.24	343,211,121.26
Total	392,246,058.51	8,642,117.65	383,603,940.86	399,521,537.28	9,020,076.12	390,501,461.16

(2) Provision for inventory write-down

1) Details

Items	Opening balance	Increase		Decrease		Closing balance
		Provision	Others	Reversal or written-off	Others	
Raw materials	2,076,580.88					2,076,580.88
Goods on hand	6,943,495.24			377,958.47		6,565,536.77
Subtotal	9,020,076.12			377,958.47		8,642,117.65

2) Determination basis of net realizable value and reasons for the reversal or written-off of provision for inventory write-down

The detailed basis of net realizable value refers to the Notes XII of financial statements, the written-off of provision for inventory is the amount of 377,958.47 yuan which is reversed by the parent company, Nanjing Putian Telecommunications Co., Ltd., as the goods on hand related to the written-off were sold in the current period.

7. Other current assets

Items	Closing balance	Opening balance
Input VAT to be credited	7,381,077.56	8,738,631.96
Total	7,381,077.56	8,738,631.96

8. Available-for-sale financial assets

(1) Details

Items	Closing balance	Opening balance

	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Available-for-sale equity instrument						
Including: at cost	2,596,863.00	1,854,910.00	741,953.00	2,596,863.00	1,854,910.00	741,953.00
Total	2,596,863.00	1,854,910.00	741,953.00	2,596,863.00	1,854,910.00	741,953.00

(2) Available-for-sale financial assets at cost

Investees	Book balance			
	Opening balance	Increase	Decrease	Closing balance
南京雨花电镀厂 (Nanjing Yuhua Galvanization Factory[9])	420,915.00			420,915.00
杭州鸿雁电器有限公司 (Hangzhou Hongyar Electrical Co., Ltd.*)	321,038.00			321,038.00
Beijing Picom Telecommunications Equipment Co., Ltd.	1,854,910.00			1,854,910.00
Subtotal	2,596,863.00			2,596,863.00

(Continue)

Investees	Provision for impairment				Holding proportion in investees (%)	Cash dividend in current period
	Opening balance	Increase	Decrease	Closing balance		
Nanjing Yuhua Galvanization Factory					10.00	
Hangzhou Hongyar Electrical Co., Ltd.					2.26	
Beijing Picom Telecommunications Equipment Co., Ltd.	1,854,910.00			1,854,910.00	51.00	
Subtotal	1,854,910.00			1,854,910.00		

9. Long-term equity investments

(1) Categories

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in associates	172,763,005.18		172,763,005.18	172,315,120.86		172,315,120.86
Investments in joint ventures	13,650,707.80		13,650,707.80	13,543,120.01		13,543,120.01
Total	186,413,712.98		186,413,712.98	185,858,240.87		185,858,240.8

9 *The English names are for identification purpose only.*

						7

(2) Details

Investees	Opening balance	Increase/decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Joint ventures					
南京普住光网络有限公司 (SEI-Nanjing Putian Optical Network Co., Ltd.[10])	13,543,120.01			107,587.79	
Subtotal	13,543,120.01			107,587.79	
Associates					
南京普天天纪线缆有限公司 (Nanjing Putian Telege Cable Co., Ltd.*)	2,610,405.50			156,994.58	
普天高新科技产业有限公司 (Potevio Hi-tech Industry Co., Ltd.*)	169,704,715.36			653,261.74	
Subtotal	172,315,120.86			810,256.32	
Total	185,858,240.87			917,844.11	

(Continued)

[10] *The English names are for identification purpose only.*

Investees	Increase/decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/profit declared for distribution	Provision for impairment	Others		
Joint ventures						
SEI-Nanjing Putian Optical Network Co., Ltd.					13,650,707.80	
Subtotal					13,650,707.80	
Associates						
Nanjing Putian Telege Cable Co., Ltd.					2,767,400.08	
Potevio Hi-tech Industry Co., Ltd.		362,372.00			169,995,605.10	
Subtotal		362,372.00			172,763,005.18	
Total		362,372.00			186,413,712.98	

10. Investment property

Items	Buildings and structures	Land use right	Total
Cost			
Opening balance	43,969,211.75	3,642,147.87	47,611,359.62
Increase			
Decrease			
Closing balance	43,969,211.75	3,642,147.87	47,611,359.62
Accumulated depreciation and amortization			
Opening balance	13,167,768.42	1,524,652.59	14,692,421.01
Increase	554,276.35	59,980.32	614,256.67
1) Accrual	554,276.35	59,980.32	614,256.67
Decrease			
Closing balance	13,722,044.77	1,584,632.91	15,306,677.68
Provision for impairment			
Opening balance	1,842,418.00		1,842,418.00
Increase			
Decrease			

Items	Buildings and structures	Land use right	Total
Closing balance	1,842,418.00		1,842,418.00
Carrying amount			
Closing balance	28,404,748.98	2,057,514.96	30,462,263.94
Opening balance	28,959,025.33	2,117,495.28	31,076,520.61

11. Fixed assets

(1) Details

Items	Buildings and structures	Machinery equipment	Transport facilities	Electronic equipment	Office facilities	Other equipment	Total
Cost							
Opening balance	100,029,285.03	81,641,941.65	14,809,904.11	6,510,774.15	10,576,423.02	37,843,194.69	251,411,522.65
Increase		181,656.55		559,358.99	248,682.88	81,605.72	1,071,304.14
1) Acquisition		181,656.55		559,358.99	248,682.88	81,605.72	1,071,304.14
2) Transferred in from construction in progress							
Decrease		226,000.00	52,264.96	93,180.08	97,130.00	239,543.75	708,118.79
1) Disposal/scrap		226,000.00	52,264.96	93,180.08	97,130.00	239,543.75	708,118.79
Closing balance	100,029,285.03	81,597,598.20	14,757,639.15	6,976,953.06	10,727,975.90	37,685,256.66	251,774,708.00
Accumulated depreciation							
Opening balance	40,596,838.62	69,291,773.95	12,413,951.03	5,383,073.98	9,032,496.10	32,758,468.11	169,476,601.79
Increase	1,797,146.29	1,066,784.46	470,470.00	396,679.75	317,232.72	497,418.93	4,545,732.15
1) Accrual	1,797,146.29	1,066,784.46	470,470.00	396,679.75	317,232.72	497,418.93	4,545,732.15
Decrease		219,220.00	50,697.01	89,839.46	97,130.00	232,357.44	689,243.91
1) Disposal/scrap		219,220.00	50,697.01	89,839.46	97,130.00	232,357.44	689,243.91
Closing balance	42,393,984.91	70,139,338.41	12,833,724.02	5,689,914.27	9,252,598.82	33,023,529.60	173,333,090.03
Provision for impairment							
Opening balance	539,124.00	573,461.78		847,107.16	92,064.43	307,895.29	2,359,652.66
Increase							
Decrease							
Closing balance	539,124.00	573,461.78		847,107.16	92,064.43	307,895.29	2,359,652.66
Carrying amount							
Closing balance	57,096,176.12	10,884,798.01	1,923,915.13	439,931.63	1,383,312.65	4,353,831.77	76,081,965.31
Opening balance	58,893,322.41	11,776,705.92	2,395,953.08	280,593.01	1,451,862.49	4,776,831.29	79,575,268.20

(2) Fixed assets temporarily idle

Items	Cost	Accumulated depreciation	Provision for impairment	Carrying amount	Note
Machinery equipment	2,656,590.39	1,712,884.34	930,089.05	13,617.00	
Other equipment	601,241.55	286,357.39	296,846.94	18,037.22	
Subtotal	3,257,831.94	1,999,241.73	1,226,935.99	31,654.22	

(3) Fixed assets with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
Production houses	14,184,381.40	No certification of land use right
Structures	813,306.79	No certification of land use right
Non-production houses	1,184,757.46	No certification of land use right
Subtotal	16,182,445.65	

12. Construction in progress

(1) Details

Projects	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Yuhua Venture park	26,189,211.24		26,189,211.24	25,725,972.29		25,725,972.29
Cable Air-condition Wiring				58,800.00		58,800.00
Cable Building Renovation				470,000.00		470,000.00
Yuhuatai Road Station Road connection fee	274,920.00		274,920.00	274,920.00		274,920.00
Intelligent Building the East Gate	100,000.00		100,000.00	100,000.00		100,000.00
Total	26,564,131.24		26,564,131.24	26,629,692.29		26,629,692.29

(2) Changes in significant projects

Projects	Budgets	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance
Yuhua Venture park	56,835,000.00	25,725,972.29	463,238.95			26,189,211.24
Cable Building Renovation	500,000.00	470,000.00		470,000.00		
Cable Air-condition Wiring		58,800.00		58,800.00		
Yuhuatai Road Station Road connection fee		274,920.00				274,920.00
Intelligent Building the East Gate	228,000.00	100,000.00				100,000.00

Subtotal	57,563,000.00	26,629,692.29	463,238.95	528,800.00		26,564,131.24

(Continued)

Projects	Accumulated investment to budget	Completion percentage (%)	Accumulated amount of borrowing cost capitalization	Amount of borrowing cost capitalization in current period	Annual capitalization rate (%)	Fund source
Yuhua Venture park	46.08	46.00				Self-owned
Cable Building Renovation	94.00	100.00				Self-owned
Cable Air-condition Wiring						Self-owned
Yuhuatai Road Station Road connection fee						Self-owned
Intelligent Building the East Gate	205.86	99.00				Self-owned
Subtotal						

13. Intangible assets

Items	Software	Land use right	Patent right	Non-patent technology	Total
Cost					
Opening balance	9,877,688.62	29,924,994.74	607,500.00	4,560,000.00	44,970,183.36
Increase					
1) Acquisition					
Decrease					
Closing balance	9,877,688.62	29,924,994.74	607,500.00	4,560,000.00	44,970,183.36
Accumulated amortization					
Opening balance	7,973,905.12	4,629,716.19	607,500.00	4,560,000.00	17,771,121.31
Increase	226,952.70	357,405.35			584,358.05
1) Accrual	226,952.70	357,405.35			584,358.05
Decrease					
Closing balance	8,200,857.82	4,987,121.54	607,500.00	4,560,000.00	18,355,479.36
Carrying amount					
Closing balance	1,676,830.80	24,937,873.20			26,614,704.00
Opening balance	1,903,783.50	25,295,278.55			27,199,062.05

14. Long-term prepayments

Items	Opening balance	Increase	Amortization	Other decreases	Closing balance
Canteen renovation	650,627.99		36,828.00		613,799.99
Office renovation	1,329,881.53	528,800.00	223,119.57		1,635,561.96
Others	90,408.80	21,509.43	27,720.10		84,198.13
Total	2,070,918.32	550,309.43	287,667.67		2,333,560.08

15. Short-term borrowings

(1) Details

Items	Closing balance	Opening balance
Pledge borrowings	60,000,000.00	
Mortgage borrowings	59,500,000.00	79,000,000.00
Secured borrowings	295,000,000.00	379,000,000.00
Total	414,500,000.00	458,000,000.00

(2) Other remarks

The pledge borrowing of RMB 60 million represents the borrowing from Jiangning Branch of Bank of Beijing to the Company with China Potevio Company Limited acting as pledgee. The Company pledged the share right of Nanjing South Telecommunications Company Limited, Nanjing Putian Changle Telecommunications Equipment Co., Ltd., 南京普天王之电子有限公司(Nanjing Postel Wongzhi Telecommunications Co., Ltd.[11]), Nanjing Putian Network Company Ltd. to China Potevio Company Limited, and registered the equity pledge with Nanjing Jiangning Market Supervision Administration on 8 July 2016.

16. Notes payable

Items	Closing balance	Opening balance
Trade acceptance	55,511,550.00	34,018,641.90
Bank acceptance	72,000,000.00	76,000,000.00
Total	127,511,550.00	110,018,641.90

17. Accounts payable

(1) Details

Items	Closing balance	Opening balance
Material purchase fund	945,828,389.61	922,001,954.57
Project fund	208,600.36	130,656.39
Total	946,036,989.97	922,132,610.96

(2) Significant accounts payable with age over one year

[11] *The English names are for identification purpose only.*

Items	Closing balance	Reasons for unsettlement
China Potevio Company Limited	12,112,160.00	The settlement is not completed.
北京天创奥维科技有限公司 (Beijing Tianchuang Auwei Technology Co., Ltd.)	1,308,253.00	The settlement is not completed.
上海阳安光电有限公司 (Shanghai Youngan Optics Co., Ltd.*)	1,396,269.89	The settlement is not completed.
上海鸿辉光通科技股份有限公司 (Shanghai Honghui Optics Communication TECH.CORP*)	2,320,444.61	The settlement is not completed.
乐清市宇桥通讯电子有限公司 (Yueqing Yuqiao Communication Electronic Co., Ltd.*)	1,009,952.48	The settlement is not completed.
深圳爱尔创科技股份有限公司 (Shenzhen Upcera Co., Ltd.[12])	1,011,000.00	The settlement is not completed.
南京傲速天信信息技术有限公司 (Nanjing Aosu Tianxin Information Technology Co., Ltd.*)	1,050,000.00	The settlement is not completed.
南京华脉科技股份有限公司 (Nanjing Huamai Technology Co., Ltd.*)	1,323,706.00	The settlement is not completed.
南京涌新电器配套有限公司 (Nanjing Yongxin Electrical Equipment Co., Ltd.*)	3,173,773.30	The settlement is not completed.
常州市润发光电通讯设备有限公司 (Changzhou Runfa Photoelectric Communication Equipment Co., Ltd.*)	1,645,992.90	The settlement is not completed.
南京恒智电器有限公司 (Nanjing Zhiheng Electrical Appliance Co., Ltd.*)	1,292,866.87	The settlement is not completed.
江苏省邮科通信设备有限公司 (Jiangsu Youke Communication Equipment Co., Ltd.*)	2,188,147.65	The settlement is not completed.
Subtotal	29,832,566.70	

18. Advances received

(1) Details

Items	Closing balance	Opening balance
Payment for goods	80,165,899.92	73,536,868.93
Total	80,165,899.92	73,536,868.93

(2) Significant advances received with age over one year

Items	Closing balance	Reasons for unsettlement
China Potevio Company Limited	8,158,434.00	The contract is still executing.
Subtotal	8,158,434.00	

19. Employee benefits payable

(1) Details

12 *The English names are for identification purpose only.*

Items	Opening balance	Increase	Decrease	Closing balance
Short-term employee benefits	17,678,666.86	113,336,083.88	114,391,585.42	16,623,165.32
Post-employment benefits - defined benefit plan		10,506,171.47	10,506,171.47	
Termination benefits		75,554.80	75,554.80	
Total	17,678,666.86	123,917,810.15	124,973,311.69	16,623,165.32

(2) Details of short-term employee benefits

Items	Opening balance	Increase	Decrease	Closing balance
Wage, bonus, allowance and subsidy	11,834,231.59	94,832,733.63	95,890,097.82	7,773,353.32
Employee welfare fund		6,595,367.05	6,288,833.47	306,533.58
Social insurance premium		6,689,105.61	6,689,105.61	
Including: Medicare premium		6,163,082.56	6,163,082.56	
Occupational injuries premium		296,234.31	296,234.31	
Maternity premium		229,788.74	229,788.74	
Housing accumulation funds	80,179.29	4,627,956.07	4,627,956.07	3,083,693.37
Trade union fund and employee education fund	5,764,255.98	590,921.52	895,592.45	5,459,585.05
Subtotal	17,678,666.86	113,336,083.88	114,391,585.42	16,623,165.32

(3) Details of defined benefit plan

Items	Opening balance	Increase	Decrease	Closing balance
Basic endowment insurance premium		10,006,089.28	10,006,089.28	
Unemployment insurance premium		137,497.88	137,497.88	
Company annuity payment		362,584.31	362,584.31	
Subtotal		10,506,171.47	10,506,171.47	

20. Taxes and rates payable

Items	Closing balance	Opening balance
VAT	10,946,127.29	2,781,222.23
Business tax	8,482.01	44,241.06
Enterprise income tax	2,432,214.61	4,096,180.66
Urban maintenance and construction tax	1,116,548.71	365,683.11
Housing property tax	110,905.27	118,574.52
Land use tax	48,004.38	81,754.17
Individual income tax	327,007.82	380,107.55
Education surcharge	531,721.64	199,868.00

Local education surcharge	263,207.02	56,585.25
Other tax	4,071.11	5,193.50
Total	15,788,289.86	8,129,410.05

21. Interest payable

Items	Closing balance	Opening balance
Short-term borrowings interest	562,892.07	586,554.84
Total	562,892.07	586,554.84

22. Dividend payable

(1) Details

Items	Closing balance	Opening balance
Dividend of ordinary shares	1,692,213.38	7,115,513.38
Total	1,692,213.38	7,115,513.38

(2) Significant dividend payable with age over one year

Items	Closing balance	Opening balance	Reasons for being unpaid
宁波峰诗恩塑胶有限公司 (Ningbo Fengshien Plastic Co., Ltd.[13])	253,832.01	253,832.01	Temporary inability to pay
余姚市国昌电器公司 (Yuyao Guochang Electronic Co., Ltd.*)	423,053.34	423,053.34	Temporary inability to pay
南京涌新电器配套有限公司 (Nanjing Yongxin Electrical Appliance Matching Co., Ltd.*)	253,832.01	253,832.01	Temporary inability to pay
靖江市华胜通信器材有限公司 (Jingjiang Huasheng Communication Equipment Co., Ltd.*)	84,610.67	84,610.67	Temporary inability to pay
江都市亚特电力通讯塑料制品有限公司 (Jiangdu Yate Communications Plastic Products Co., Ltd.*)	423,053.34	423,053.34	Temporary inability to pay
镇江市盛唐光电器件有限公司 (Zhenjiang Shengtang Photoelectric equipment Co., Ltd.*)	253,832.01	253,832.01	Temporary inability to pay
Subtotal	1,692,213.38	1,692,213.38	

23. Other payables

Items	Closing balance	Opening balance
Deposits	6,856,470.73	5,013,016.73
Temporary receipts payable	6,994,007.47	10,954,121.54
Unsettled installation cost	13,913,417.04	21,041,211.65
Operating expenses	2,881,117.13	2,914,977.40
Others	1,821,694.38	2,126,558.12
Total	32,466,706.75	42,049,885.44

[13] *The English names are for identification purpose only.*

24. Long-term payable

Items	Closing balance	Opening balance
Turnover fund	80,118.00	80,118.00
Total	80,118.00	80,118.00

25. Deferred income

(1) Details

Items	Opening balance	Increase	Decrease	Closing balance	Reasons for balance
Government grants	1,525,537.98		1,001,167.82	524,370.16	
Total	1,525,537.98		1,001,167.82	524,370.16	

(2) Details of government grants

Items	Opening balance	Increase	Included in non-operating revenue in current period	Other movements	Closing balance	Related to assets/income
Subsidies from High-end Talent Project funding of Nanjing City Qinhuai District Science and Technology Bureau	1,525,537.98		1,001,167.82		524,370.16	Related to income
Subtotal	1,525,537.98		1,001,167.82		524,370.16	

(3) Other remarks

The balance amount of government grant related to income will be carried forward to non-operation income when it actually occurs.

26. Share capital

Items	Opening balance	Movements					Closing balance
		Issue of new shares	Bonus shares	Reserve transferred to shares	Others	Subtotal	
Total shares	215,000,000.00						215,000,000.00

27. Capital reserve

Items	Opening balance	Increase	Decrease	Closing balance
Share/capital premium	139,592,332.04			139,592,332.04
Other capital reserve	45,782,201.81			45,782,201.81
Total	185,374,533.85			185,374,533.85

28. Other comprehensive income (OCI)

Items	Opening balance	Current period cumulative					Closing balance
		Current period cumulative before income tax	Less: OCI carried forward transferred to profit or loss	Less: income tax	Attributable to parent company	Attributable to non-controlling interest	
Items not to be reclassified subsequently to profit or loss							
Items to be reclassified subsequently to profit or loss	-4,223,184.69	-241,817.20			-217,635.48	-24,181.72	-4,440,820.17
Including: Translation difference of financial statements in foreign currencies	-4,223,184.69	-241,817.20			-217,635.48	-24,181.72	-4,440,820.17
Total	-4,223,184.69	-241,817.20			-217,635.48	-24,181.72	-4,440,820.17

29. Surplus reserve

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	589,559.77			589,559.77
Total	589,559.77			589,559.77

30. Undistributed profit

Items	Current period cumulative	Preceding period comparative
Balance before adjustment at the end of preceding period	-50,056,514.64	-33,465,684.38
Add: Increase due to adjustment (or less: decrease)		
Opening balance after adjustment	-50,056,514.64	-33,465,684.38
Add: Net profit attributable to owners of the parent company	-21,109,095.63	-16,613,763.93
Closing balance	-71,165,610.27	-50,079,448.31

(II) Notes to items of the consolidated income statement

1. Operating revenue/cost

Items	Current period cumulative		Preceding period comparative	
	Income	Cost	Income	Cost
Revenue from main operation	799,290,563.30	654,441,609.66	878,590,045.39	725,201,712.87
Revenue from other operation	35,448,660.17	31,732,039.36	41,701,286.22	34,004,127.03

Total	834,739,223.47	686,173,649.02	920,291,331.61	759,205,839.90

2. Taxes and surcharge for operations

Items	Current period cumulative	Preceding period comparative
Business tax	245,668.85	254,625.83
Education surcharge	1,735,641.31	1,975,422.28
Urban maintenance and construction tax	2,405,871.95	2,765,591.19
Others	551.18	16,507.66
Total	4,387,733.29	5,012,146.96

3. Selling expenses

Items	Current period cumulative	Preceding period comparative
Salary expenses	35,332,445.32	39,248,236.92
Business entertainment	11,552,284.70	10,618,202.54
Travelling expenses	8,326,482.17	9,451,014.24
Transport fees and transport damages	11,088,298.50	11,472,331.11
Office expenses	5,423,780.26	5,138,769.98
Conference expenses	1,292,444.62	2,308,980.54
Sales service charge	1,235,935.02	872,547.69
Business publicity fees	951,066.49	1,297,983.91
Equipment maintain fees	496,036.48	171,140.46
Others	4,775,944.92	4,795,104.61
Total	80,474,718.48	85,374,312.00

4. Administrative expenses

Items	Current period cumulative	Preceding period comparative
Salary expenses	19,328,181.10	19,643,722.96
Technology development	32,935,519.58	33,396,132.51
Lease expenses	3,763,281.11	3,967,930.25
Depreciation and amortization	1,887,533.90	2,172,123.28
Office expenses	2,730,509.81	2,183,285.86
Travelling expense	696,820.56	978,854.83
Business entertainment	1,151,560.97	1,055,904.52
Consulting, intermediary, legal fees	2,259,364.57	1,835,569.94

Items	Current period cumulative	Preceding period comparative
Taxation	1,117,969.85	1,094,369.10
Others	3,642,370.65	2,479,274.45
Total	69,513,112.10	68,807,167.70

5. Financial expenses

Items	Current period cumulative	Preceding period comparative
Interest expenditures	12,437,759.85	13,711,472.66
Less: Interest income	1,393,645.72	2,636,199.96
Exchange loss	99,659.27	-12,412.80
Less: Exchange gain	68,383.33	1,771.03
Bank charges	172,552.89	189,431.87
Total	11,247,942.96	11,250,520.74

6. Assets impairment loss

Items	Current period cumulative	Preceding period comparative
Bad debts	1,619,726.63	522,337.69
Total	1,619,726.63	522,337.69

7. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	917,844.11	1,648,163.04
Total	917,844.11	1,648,163.04

8. Non-operating revenue

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Gains on disposal of non-current assets	30,429.96	910.50	30,429.96
Including: Gains on disposal of fixed assets	30,429.96	910.50	30,429.96
Gains on debt restructuring		173.00	
Government grants	3,531,664.76	2,862,726.34	1,211,187.47
Others	302,562.55	203,798.67	302,562.55
Total	3,864,657.27	3,067,608.51	1,544,179.98

(2) Government grants

Items	Current period cumulative	Preceding period comparative	Related to assets/income
Refund of VAT	2,320,477.29	1,930,226.34	Related to income
Enterprise incentive payments		9,700.00	Related to income
Subsidy income	205,619.65	922,800.00	Related to income
Nanjing City recruitment program of High-end talent special fund	1,001,167.82		Related to income
Nanjing Software Patent Grant	2,400.00		Related to income
Jiangning Finance Bureau intellectual property award	2,000.00		Related to income
Subtotal	3,531,664.76	2,862,726.34	

9. Non-operating expenditures

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Losses on disposal of non-current assets	16,712.60	44,708.03	16,712.60
Including: Losses on disposal of fixed assets	16,712.60	44,708.03	16,712.60
Donation expenditures	10,000.00		10,000.00
Penalty expenditure	25,051.31	764.21	25,051.31
Others	29,639.65	31,808.15	29,639.65
Total	81,403.56	77,280.39	81,403.56

10. Income tax expenses

(1) Details

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	3,235,803.32	8,415,501.07
Deferred income tax expenses		
Total	3,235,803.32	8,415,501.07

(2) Reconciliation of accounting profit to income tax expenses

Items	Current period cumulative
Profit before tax	-13,976,561.19
Income tax expenses based on statutory tax rate	-3,494,140.30
Effect of different tax rate applicable to subsidiaries	-938,358.77
Effect of prior income tax reconciliation	-825,982.78
Effect of non-taxable income	-213,761.57
Effect of non-deductible costs, expenses and losses	2,049,748.88
Utilization of deductible losses not previously	-28,422.18

Items	Current period cumulative
recognized	
Effect of deducible temporary differences or deductible losses not recognized	6,594,688.53
Evaluation of value added	92,031.50
Income tax expenses	3,235,803.32

11. Other comprehensive income, net of income tax

Please refer to notes to other comprehensive income for details.

(III) Notes to items of the consolidated cash flow statement

1. Other cash receipts related to operating activities

Items	Current period cumulative	Preceding period comparative
Government grants	210,019.65	
Interest income	1,393,645.72	1,471,926.29
Temporary receipts and the recovering of temporary payment	45,346,412.20	27,456,434.10
Others	790,470.45	3,072,089.85
Total	47,740,548.02	32,000,450.24

2. Other cash payments related to operating activities

Items	Current period cumulative	Preceding period comparative
Temporary payment and repayment of temporary receipts	54,374,593.08	49,328,570.09
Out of pocket expense	66,739,004.42	60,813,681.55
Others	146,935.30	21,634.61
Total	121,260,532.80	110,163,886.25

3. Supplement information to the cash flow statement

(1) Supplement information to the cash flow statement

Supplement information	Current period cumulative	Preceding period comparative
(1) Reconciliation of net profit to cash flow from operating activities:		
Net profit	-17,212,364.51	-13,658,003.29
Add: Provision for assets impairment loss	1,725,216.33	522,337.69
Depreciation of fixed assets, oil and gas assets, productive biological assets	5,159,988.82	5,045,659.21
Amortization of intangible assets	584,358.05	698,079.35
Amortization of long-term prepayments	287,667.67	114,481.02

Supplement information	Current period cumulative	Preceding period comparative
Loss on disposal of fixed assets, intangible assets and other non-current assets (Less: gains)	-13,717.36	19,485.02
Fixed assets retirement loss (Less: gains)		24,312.51
Losses on changes in fair value (Less: gains)		
Financial expenses (Less: gains)	12,469,035.79	13,711,472.66
Investments losses (Less: gains)	-917,844.11	-1,648,163.04
Decrease of deferred tax assets (Less: increase)		
Increase of deferred tax liabilities (Less: decrease)		
Decrease in inventories (Less: increase)	6,897,520.30	29,834,862.64
Decrease in operating receivables (Less: increase)	-153,899,907.08	-261,072,346.04
Increase of operating payables (Less: decrease)	48,338,635.21	90,530,367.69
Others		
Net cash flow from operating activities	-96,581,410.89	-135,877,454.58
(2) Significant investing and financing activities not related to cash receipts and payments:		
Conversion of debt into share capital		
Convertible bonds due within one year		
Fixed assets rented in under finance leases		
(3) Net changes in cash and cash equivalents:		
Cash at the end of the period	246,409,391.52	291,583,380.85
Less: Cash at the beginning of the period	405,920,943.68	375,372,939.94
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase of cash and cash equivalents	-159,511,552.16	-83,789,559.09

(2) Cash and cash equivalents

Items	Closing balance	Opening balance
1) Cash	246,409,391.52	405,920,943.68
Including: Cash on hand	11,991.67	2,554.25
Cash in bank on demand for payment	246,397,399.85	405,918,389.43
Other cash and bank balances on demand for payment		
2) Cash equivalents		
Including: Bond investments maturing within three months		
3) Cash and cash equivalents at the end of the period	246,409,391.52	405,920,943.68

Including: Cash and cash equivalents of parent company or subsidiaries with use restrictions	48,381,421.04	56,038,240.66

(3) Other remarks

Cash and cash equivalents exclude acceptance deposit and the letter of guarantee deposit with use restrictions. The closing balance was RMB48,381,421.04 and the opening balance was RMB56,038,240.66.

(IV) Others

1. Assets with title or use right restrictions

Items	Closing carrying amount	Reasons for restrictions
Cash and bank balances	48,381,421.04	Acceptance deposit and letter of guarantee deposit
Investment property	20,597,889.86	Providing loans guarantee
Fixed assets	34,589,302.45	Providing loans guarantee
Intangible assets	8,020,386.30	Providing loans guarantee
Total	111,588,999.65	

2. Monetary items in foreign currencies

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent
Cash and bank balances	1,801,692.24		
Including: USD	1,121,546.91	6.6312	7,437,201.87
HKD	678,282.24	0.8547	579,727.83
EUR	1,654.30	7.3750	12,200.46
GBP	208.79	8.9212	1,862.66
Accounts receivable	19,936.48		
Including: USD	19,936.48	6.6312	132,202.79
Accounts payable	1,647,642.38		
Including: HKD	1,647,642.38	0.8547	1,408,239.94

VI. Interest in other entities

(I) Equity in significant subsidiaries

1. Significant subsidiaries

(1) Basis information

Subsidiaries	Main operating place	Place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
Nanjing South Telecommunications Company Limited	Nanjing City	Nanjing City	Manufacture	96.99	1.38	Found

Subsidiaries	Main operating place	Place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
Nanjing Mennekes Electrics Co., Ltd.	Nanjing City	Nanjing City	Manufacture	75.00		Found
Nanjing Putian Telege Intelligent Building Ltd.	Nanjing City	Nanjing City	Manufacture	45.767		Found
Nanjing Putian Changle Telecommunications Equipment Co., Ltd.	Nanjing City	Nanjing City	Manufacture	50.70		Found
Nanjing Putian Datang Information Electronic Co., Ltd.	Nanjing City	Nanjing City	Manufacture	40.00		Found

(2) Other remarks

1) Remarks on inconsistency between holding proportion owned and voting rights proportion owned in subsidiaries

The Company holds 40% equity of Nanjing Putian Datang Information Electronic Co., Ltd.. The Company signed the agreement with Yan Yaoming, the shareholder of Nanjing Putian Datang Information Electronic Co., Ltd., to exercise his 21% right to vote. The agreement is valid during the period of the existence of Nanjing Putian Datang Information Electronic Co., Ltd.. The Company has 61% of the voting right during the existence period of Nanjing Putian Datang Information Electronic Co., Ltd..

2) Basis for the control of an investee while holding its half or less than half voting rights, and the non-control of an investee while holding its more than half voting rights

The Company holds 45.767% of voting rights in Nanjing Putian Telege Intelligent Building Ltd., the other voting rights are decentralized. The Company has over half member of the board of directors, could control this company and have a privileged variable return by taking part in this company’s related activity. The Company has the power in this company to impact the amount of return and control this company.

2. Significant not wholly-owned subsidiaries

(1) Details

Subsidiaries	Holding proportion of non-controlling interest	Profit or loss attributable to non-controlling interest	Dividend declared to non-controlling interest	Closing balance of non-controlling interest
Nanjing South Telecommunications Company Limited	1.630%	133,236.38		2,535,604.96
Nanjing Mennekes Electrics Co., Ltd.	25.00%	671,707.30		23,347,475.52
Nanjing Putian Telege Intelligent Building Ltd.	54.233%	4,055,776.40		55,140,189.58
Nanjing Putian Changle Telecommunications Equipment Co., Ltd.	49.30%	-46,521.09		15,250,851.04
Nanjing Putian Datang Information Electronic Co., Ltd.	60.00%	1,264,721.20		15,995,449.33

3. Main financial information of significant not wholly-owned subsidiaries

(1) Assets and liabilities

Subsidiaries	Closing balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Nanjing South Telecommunications Company Limited	394,177,808.64	13,095,075.73	407,272,884.37	251,714,297.26		251,714,297.26
Nanjing Mennekes Electrics Co., Ltd.	135,498,894.61	34,910,237.58	170,409,132.19	77,019,230.14		77,019,230.14
Nanjing Putian Telege Intelligent Building Ltd.	220,278,539.19	42,013,372.08	262,291,911.27	160,619,148.23		160,619,148.23
Nanjing Putian Changle Telecommunications Equipment Co., Ltd.	92,111,558.46	666,670.28	92,778,228.74	61,843,439.59		61,843,439.59
Nanjing Putian Datang Information Electronic Co., Ltd.	20,878,816.77	17,257,141.43	38,135,958.20	11,476,875.99		11,476,875.99

(Continued)

Subsidiaries	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Nanjing South Telecommunications Company Limited	402,215,712.54	13,112,421.59	415,328,134.13	267,943,558.27		267,943,558.27
Nanjing Mennekes Electrics Co.,	122,428,460.08	35,734,950.22	158,163,410.30	67,460,337.44		67,460,337.44

Subsidiaries	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Ltd.						
Nanjing Putian Telege Intelligent Building Ltd.	222,512,145.08	42,752,377.19	265,264,522.27	171,070,188.23		171,070,188.23
Nanjing Putian Changle Telecommunications Equipment Co., Ltd.	100,009,756.08	685,196.11	100,694,952.19	69,665,799.78		69,665,799.78
Nanjing Putian Datang Information Electronic Co., Ltd.	23,524,932.76	17,964,434.65	41,489,367.41	16,938,153.86		16,938,153.86

(2) Profit or loss and cash flows

Subsidiaries	Current period cumulative			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Nanjing South Telecommunications Company Limited	246,824,340.55	8,174,011.25	8,174,011.25	-28,012,375.76
Nanjing Mennekes Electrics Co., Ltd.	59,853,154.52	2,686,829.19	2,686,829.19	-13,853,022.18
Nanjing Putian Telege Intelligent Building Ltd.	144,073,856.61	7,478,429.00	7,478,429.00	-23,312,954.54
Nanjing Putian Changle Telecommunications Equipment Co., Ltd.	30,703,788.91	-94,363.26	-94,363.26	-444,134.92
Nanjing Putian Datang Information Electronic Co., Ltd.	21,359,235.76	2,107,868.66	2,107,868.66	-50,181.47

(Continued)

Subsidiaries	Preceding period comparative			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Nanjing South Telecommunications Company Limited	299,532,116.68	8,443,845.54	8,443,845.54	-57,455,983.28
Nanjing Mennekes Electrics Co., Ltd.	54,737,783.42	1,730,869.91	1,730,869.91	2,848,496.15

Nanjing Putian Telege Intelligent Building Ltd.	143,733,662.79	5,672,293.79	5,672,293.79	-49,001,461.09
Nanjing Putian Changle Telecommunications Equipment Co., Ltd.	45,967,575.10	423,195.56	423,195.56	269,383.92
Nanjing Putian Datang Information Electronic Co., Ltd.	14,668,147.00	1,085,867.91	1,085,867.91	617,863.44

(II) Equity in joint venture or associates

1. Significant joint ventures or associates

Joint ventures or associates	Main operating place	Place of registration	Business nature	Holding proportion (%)		Accounting treatment
				Direct	Indirect	
SEI-Nanjing Putian Optical Network Co., Ltd.	Nanjing City	Nanjing City	Optical communication products production and sale	50.00		Equity method
Potevio Hi-tech Industry Co., Ltd.	Nanjing City	Nanjing City	Industrial park venue rental management etc.	49.64		Equity method

2. Main financial information of significant joint ventures

Items	Closing balance/current period cumulative	Opening balance/preceding period comparative
	SEI-Nanjing Putian Optical Network Co., Ltd.	
Current assets	46,700,350.99	57,827,806.87
Including: Cash and cash equivalents	11,063,167.17	1,429,575.56
Non-current assets	1,496,794.98	1,694,124.33
Total assets	48,197,145.97	59,521,931.20
Current liabilities	20,895,730.37	31,488,294.43
Non-current liabilities		
Total liabilities	20,895,730.37	31,488,294.43
Non-controlling interest		
Equity attributable to owners of parent company	27,301,415.60	28,033,636.77
Proportionate share in net assets	13,650,707.80	14,016,818.39
Adjustments		
Goodwill		
Unrealized profit in internal trading		
Others		
Carrying amount of investments in joint ventures	13,650,707.80	14,016,818.39
Fair value of equity investments in joint ventures in association		

Items	Closing balance/current period cumulative	Opening balance/preceding period comparative
	SEI-Nanjing Putian Optical Network Co., Ltd.	
with quoted price		
Operating revenue	14,260,549.51	23,632,373.32
Financial expenses	-280,954.36	-863,208.62
Income tax expenses		193,485.69
Net profit	215,175.59	2,480,387.83
Net profit of discontinued operations		
Other comprehensive income		
Total comprehensive income	215,175.59	2,480,387.83
Dividend from joint ventures received in current period		

3. Main financial information of significant associates

Items	Closing balance/current period cumulative	Opening balance/preceding period comparative
	Potevio Hi-tech Industry Co., Ltd.	
Current assets	220,987,928.99	212,478,508.59
Non-current assets	129,624,906.20	135,055,007.46
Total assets	350,612,835.19	347,533,516.05
Current liabilities	8,155,935.31	5,572,138.92
Non-current liabilities		
Total liabilities	8,155,935.31	5,572,138.92
Non-controlling interest		
Equity attributable to owners of parent company	342,456,899.88	341,961,377.13
Proportionate share in net assets	169,995,605.10	169,749,627.61
Adjustments		
Goodwill		
Unrealized profit in internal trading		
Others		
Carrying amount of investments in associates	169,995,605.10	169,749,627.61
Fair value of equity investments in associates in association with quoted price		
Operating revenue	10,061,612.00	7,652,485.43
Net profit	1,315,998.67	816,397.08
Net profit of discontinued operations		
Other comprehensive income		

Items	Closing balance/current period cumulative	Opening balance/preceding period comparative
	Potevio Hi-tech Industry Co., Ltd.	
Total comprehensive income	1,315,998.67	816,397.08
Dividend from associates received in current period	362,372.00	

4. Aggregated financial information of insignificant joint ventures and associates

Items	Closing balance/current period cumulative	Opening balance/preceding period comparative
Associates		
Total carrying amount of investments	2,767,400.08	2,814,642.32
Proportionate shares in the following items		
Net profit	156,994.58	6,021.36
Other comprehensive income		
Total comprehensive income	156,994.58	6,021.36

VII. Risks related to financial instruments

The Company aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Company's financial performance. Based on such objectives, the Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Company has exposure to the following risks from its use of financial instruments, which mainly include: credit risk, liquidity risk, and market risk. Management have deliberated and approved policies concerning such risks, and details are:

(I) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's credit risk is primarily attributable to bank balances and receivables. In order to control such risks, the Company has taken the following measures:

1. Bank balances

The Company deposits its bank balances in financial institutions with relatively high credit levels, hence, its credit risk is relatively low.

2. Receivables

The Company performs credit assessment on customers who uses credit settlement on a regular basis. The Company selects credible and well-reputed customers based on credit assessment result, and conducts ongoing monitoring on receivables, to avoid significant risks in bad debts.

As the Company's credit risks fall into several business partners and customers, as of 30 June 2016, 17.57% (31 December 2015: 13.92%) of the total accounts receivable was due from the five largest customers of the Company. The Company has no significant central credit risk.

(1) Analysis of receivables neither past due nor impaired and receivables past due but not impaired are as follows:

Items	Closing balance				
	Neither past due nor impaired	Past due but not impaired			Total
		Within one year	1-2 years	Over 2 years	
Notes receivable	22,404,369.15				22,404,369.15
Accounts receivable	726,030,236.37		132,184,207.82		858,214,444.19
Other receivables	27,590,195.28		10,859,015.07		38,449,210.35
Subtotal	776,024,800.80		143,043,222.89		919,068,023.69

(Continued)

Items	Opening balance				
	Neither past due nor impaired	Past due but not impaired			Total
		Within one year	1-2 years	Over 2 years	
Notes receivable	32,339,829.72				32,339,829.72
Accounts receivable	657,528,486.54		77,336,030.27		734,864,516.81
Other receivables	20,839,915.25		8,143,184.14		28,983,099.39
Subtotal	710,708,231.51		85,479,214.41		796,187,445.92

(2) Please refer to notes to receivables for receivables with provision for impairment made on individual basis.

(II) Liquidity risk

Liquidity risk is the risk that the Company may encounter deficiency of funds in meeting obligations associated with cash or other financial assets settlement, which is possibly attributable to failure in selling financial assets at fair value on a timely basis, or failure in collecting liabilities from counterparts of contracts, or early redemption of debts, or failure in achieving estimated cash flows.

In order to control such risk, the Company utilized financing tools such as notes settlement and bank borrowings, etc. to optimizing financing structures, and finally maintains a balance between financing sustainability and flexibility. The Company has obtained credit limit from several commercial banks to meet working capital requirements and expenditures.

Financial instruments classified based on remaining time period till maturity

Items	Closing balance				
	Carrying amount	Contract amount not yet discounted	Within one year	1-3 years	Over 3 years
Bank borrowings	414,500,000.00	425,051,255.69	425,051,255.69		
Notes payable	127,511,550.00	127,511,550.00	127,511,550.00		
Accounts payable	946,036,989.97	946,036,989.97	946,036,989.97		
Interest payable	562,892.07	562,892.07	562,892.07		
Dividend payable	1,692,213.38				1,692,213.38
Long-term payable	80,118.00				80,118.00
Subtotal	1,490,383,763.42	1,499,162,687.73	1,499,162,687.73		1,772,331.38

(Continued)

Items	Opening balance				
	Carrying amount	Contract amount not yet discounted	Within one year	1-3 years	Over 3 years
Bank borrowings	458,000,000.00	465,993,345.88	466,579,900.72		
Notes payable	110,018,641.90	110,018,641.90	110,018,641.90		
Accounts payable	922,132,610.96	951,018,098.91	951,018,098.91		
Interest payable	586,554.84	586,554.84	586,554.84		
Dividend payable	7,115,513.38	7,115,513.38	5,423,300.00	1,692,213.38	
Long-term payable	80,118.00	80,118.00			80,118.00
Subtotal	1,526,818,927.03	1,534,812,272.91	1,533,626,496.37	1,692,213.38	80,118.00

(III) Market risk

Market risk is the risk that the Company may encounter fluctuation in fair value of financial instruments or future cash flows due to changes in market price.

1. Interest risk

Interest risk is the risk that an enterprise may encounter fluctuation in fair value of financial instruments or future cash flows due to changes in market interest. The Company's interest risk relates mainly to borrowings with floating interest rate.

As of 30 June 2016, balance of borrowings with interest accrued at floating interest rate totaled 182,500,000.00 yuan (31 December 2015: 458,000,000.00 yuan). If interest rates had been 50 basis points higher/lower and all other variables were held constant, financial effect on the Company would be a/an decrease/increase of 180,000.00 yuan (31 December 2015: a/an decrease/increase 3 million yuan) in equity, a/an decrease/increase of 180,000.00 yuan (2015: a/an decrease/increase 3 million yuan) in net profit.

2. Foreign currency risk

Foreign currency risk is the risk arising from changes in exchange rate. The Company is mainly operated in mainland China, with a small amount of imports and exports, and its main activities are denominated in RMB, hence, the Company bears insignificant market risk arising from foreign exchange changes.

Please refer to notes to foreign currency monetary items for details in foreign currency financial assets and liabilities at the end of the period.

VIII. Related party relationships and transactions

(I) Related party relationships

1. Details of parent company

(1) Parent company

Parent company	Place of registration	Business nature	Registered capital (unit: RMB'0000)	Holding proportion over the Company (%)	Voting right proportion over the Company (%)
China Potevio Company Limited	No.2 Tudi 2 Road, Zhongguan village economy zone, Haidian district,	Information industry	190,305.00	53.49	53.49

Parent company	Place of registration	Business nature	Registered capital (unit: RMB'0000)	Holding proportion over the Company (%)	Voting right proportion over the Company (%)
	Beijing				

The Company's ultimate controlling party is 中国普天信息产业集团公司(China PUTIAN Corporation[14])

2. Please refer notes to interest in other entities for details on the Company's subsidiaries.

3. Joint ventures and associates of the Company

Please refer to notes to interest in other entities for details on the Company's significant joint ventures and associates. Details of other joint ventures or associates carrying out related party transactions with the Company in current period or in preceding period but with balance in current period are as follows:

Joint ventures or associates	Relationships with the Company
Potevio Hi-tech Industry Co., Ltd.	Associates
Nanjing Putian Telege Cable Co., Ltd.	Associates
SEI-Nanjing Putian Optical Network Co., Ltd.	Joint ventures

4. Other related parties of the Company

Related parties	Relationships with the Company
南京普天鸿雁电器科技有限公司 (Nanjing Hongyar Electrical Technology Co., Ltd.[15])	Controlled by the parent company
上海普天邮通科技股份有限公司 (Shanghai Putian Post And Telecommunications Technology Co., Ltd.*)	Controlled by the parent company
北京普天太力通信科技有限公司 (Beijing Putian Taili Communications Technology Co., Ltd.*)	Controlled by the parent company
杭州鸿雁东贝光电科技有限公司 (Hangzhou Hongyar Dongbei Photoelectric Technology Co., Ltd.*)	Controlled by the parent company
上海普天网络技术有限公司 (Shanghai Putian Network Technology Co., Ltd.*)	Controlled by the parent company
普天通信有限责任公司 (PUTIAN Telecommunications Co., Ltd.*)	Controlled by the parent company
普天信息技术有限公司 (Potevio Information Technology Co., Ltd.*)	Controlled by the parent company
Beijing Picom Telecommunications Equipment Co., Ltd.	An auxiliary unit

(II) Related party transactions

1. Purchase and sale of goods, rendering and receiving services

(1) Purchase of goods and receiving of services

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
SEI-Nanjing Putian Optical Network Co., Ltd.	Telecommunications	9,024,031.01	16,922,738.57

[14] *The English names are for identification purpose only.*
[15] *The English names are for identification purpose only.*

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
Nanjing Putian Telege Cable Co., Ltd.	Telecommunications	12,577,759.12	12,703,630.67
Nanjing Hongyar Electrical Technology Co., Ltd.	Telecommunications	141,138.49	100,629.47
Potevio Hi-tech Industry Co., Ltd.	Telecommunications	1,341,156.00	

(2) Sale of goods and rendering of services

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
Potevio Information Technology Co., Ltd.	Telecommunications	209,330.77	
China Potevio Company Limited	Telecommunications	25,562,525.57	24,484,664.74
Beijing Putian Taili Communications Technology Co., Ltd.	Telecommunications	36,899.15	1,052,471.79
Potevio Hi-tech Industry Co., Ltd.	Telecommunications	48,588.22	
Shanghai Putian Post And Telecommunications Technology Co., Ltd.	Telecommunications	9,692.31	106,581.20
Hangzhou Hongyar Dongbei Photoelectric Technology Co., Ltd.	Telecommunications	13,076.92	
Shanghai Putian Network Technology Co., Ltd.	Telecommunications	3,418.80	21,452.99

2. Related party leases

(1) The Company as the lessor

Lessees	Types of asset leased	Lease income for current period	Lease income for the preceding period
SEI-Nanjing Putian Optical Network Co., Ltd.	Buildings and structures	401,248.38	299,969.28

(2) The Company as the lessee

Lessors	Types of asset leased	Lease expenses for current period	Lease expenses for the preceding period	Property services for current period	Property services for the preceding period
Potevio Hi-tech Industry Co., Ltd.	Buildings and structures	4,432,114.67	3,643,980.65	1,277,232.00	

3. Related party guarantees

The Company and its subsidiaries as guaranteed parties

Guarantors	Amount guaranteed	Commence ment date	Maturity date	Whether the guarantee is mature
China Potevio Company Limited	10,000,000.00	2016/2/3	2017/2/2	No
China Potevio Company Limited	30,000,000.00	2016/2/4	2017/2/3	No
China Potevio Company Limited	20,000,000.00	2016/2/3	2017/2/2	No

China Potevio Company Limited	20,000,000.00	2016/3/8	2017/3/7	No
China Potevio Company Limited	20,000,000.00	2016/5/24	2017/5/24	No
China Potevio Company Limited	30,000,000.00	2016/4/28	2017/4/28	No
China Potevio Company Limited	20,000,000.00	2015/12/3	2016/12/3	No
China Potevio Company Limited	30,000,000.00	2015/9/6	2016/9/6	No
China Potevio Company Limited	20,000,000.00	2016/5/5	2016/11/4	No
China Potevio Company Limited	10,000,000.00	2016/5/5	2016/11/4	No

4. Key management’s emoluments

Items	Current period cumulative	Preceding period comparative
Key management’s emoluments	476,589.62	651,080.00

5. Other related party transactions

The Company paid 326,250.00 yuan to China Potevio Company Limited as interest for designated loans.

(III) Balance due to or from related parties

1. Balance due from related parties

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	China Potevio Company Limited	34,081,649.21	255,181.64	30,268,243.47	188,685.58
Accounts receivable	Potevio Information Technology Co., Ltd.	663,722.10		1,300,868.75	
Accounts receivable	Shanghai Putian Network Technology Co., Ltd.	536,319.70	97,071.26	536,399.40	84,771.32
Accounts receivable	Shanghai Putian Post And Telecommunications Technology Co., Ltd.	12,978,934.00	5,191,573.60	12,978,934.00	3,893,680.20
Accounts receivable	PUTIAN Telecommunications Co., Ltd.			222,173.00	
Accounts receivable	Beijing Putian Taili Communications Technology Co., Ltd.	20,276.00			
Accounts receivable	China PUTIAN Corporation	624,148.80			
Subtotal		48,905,049.81	5,543,826.50	45,306,618.62	4,167,137.10
Other receivables	China Potevio Company Limited	1,050,000.00	105,000.00	1,530,000.00	
Other receivables	Beijing Picom Telecommunications Equipment Co., Ltd.	28,912,122.71	28,912,122.71	28,912,122.71	28,912,122.71
Subtotal		29,962,122.71	29,017,122.71	30,442,122.71	28,912,122.71

2. Balance due to related parties

Items	Related parties	Closing balance	Opening balance
Accounts payable	SEI-Nanjing Putian Optical Network Co., Ltd.		43,431,228.05
Accounts payable	China Potevio Company Limited	3,152,358.40	12,201,518.10
Accounts payable	Potevio Hi-tech Industry Co., Ltd.	2,496,059.00	3,528,553.00
Accounts payable	Nanjing Putian Telege Cable Co., Ltd.		1,091,108.20
Accounts payable	Nanjing Hongyar Electrical Technology Co., Ltd.	469,836.40	468,580.89
Accounts payable	Shanghai Putian Network Technology Co., Ltd.	11,685.00	11,685.00
Accounts payable	PUTIAN Telecommunications Co., Ltd.		22,520.00
Subtotal		6,129,938.80	60,755,193.24
Advances received	China Potevio Company Limited	16,567,297.49	15,787,746.49
Subtotal		16,567,297.49	15,787,746.49
Other payables	Potevio Hi-tech Industry Co., Ltd.	240,000.00	1,761,247.04
Subtotal		240,000.00	1,761,247.04

IX. Commitments and contingencies

None

X. Other significant events

Segment information

1. Identification basis and accounting policies for reportable segments

Reportable segments are identified based on operating segments which are determined based on the structure of the Company's internal organization, management requirements and internal reporting system. An operating segment is a component of the Company that:

(1) engages in business activities from which it may earn revenues and incur expenses;

(2) whose financial performance are regularly reviewed by Management to make decisions about resource to be allocated to the segment and assess its performance; and

(3) for which financial information regarding financial position, financial performance and cash flows is available.

The Company identified reportable segments based on products. Assets and liabilities shared by different segments are allocated between segments proportionate to their respective size.

2. Financial information of reportable segments

Products segment

Items	Video conferencing products	Generic cable products	Electrical products	Wiring products	Inter-segment offsetting	Total
Revenue from main operations	246,666,682.89	142,200,652.00	59,302,043.41	413,719,913.49	62,598,728.49	799,290,563.30

Cost of main operations	206,712,577.40	111,331,266.82	42,043,639.84	360,800,602.42	66,446,476.82	654,441,609.66
Total assets	407,272,884.37	262,291,911.27	170,409,132.19	1,601,710,029.23	372,160,933.70	2,069,523,023.36
Total liabilities	252,991,924.43	160,619,148.23	77,019,230.14	1,353,990,425.88	207,995,394.24	1,636,625,334.44

XI. Notes to items of parent company financial statements

(I) Notes to items of parent company balance sheet

1. Accounts receivable

(1) Details

1) Details on categories

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis					
Receivables with provision made on a collective basis using portfolios with similar credit risk features	552,660,093.87	99.66	17,834,894.08	3.23	534,825,199.79
Portfolio 1					
Portfolio 2	552,660,093.87	99.66	17,834,894.08	3.23	534,825,199.79
Receivable of individually insignificant amount but with provision made on an individual basis	1,881,238.51	0.34	1,881,238.51	100.00	
Total	554,541,332.38	100.00	19,716,132.59	3.56	534,825,199.79

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis					
Receivables with provision made on a collective basis using portfolios with similar credit risk features	442,433,780.84	99.58	16,442,036.98	3.72	425,991,743.86
Portfolio 1					
Portfolio 2	442,433,780.84	99.58	16,442,036.98	3.72	425,991,743.86
Receivable of individually insignificant amount but with provision made on an individual basis	1,881,238.51	0.42	1,881,238.51	100.00	
Total	444,315,019.35	100.00	18,323,275.49	4.12	425,991,743.86

2) In portfolios, accounts receivable with provision made on a collective basis with age analysis method

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	423,155,966.49		
1-2 years	66,831,242.53		

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
2-3 years	26,590,487.46	2,659,048.75	10.00
3-4 years	15,815,046.60	4,744,513.98	30.00
4-5 years	15,467,663.86	6,187,065.54	40.00
5-6 years	2,777,105.59	2,221,684.47	80.00
Over 6 years	2,022,581.34	2,022,581.34	100.00
Subtotal	552,660,093.87	17,834,894.08	3.23

(2) Provisions made, collected or reversed in current period

Provision for bad debts made in current period totaled 1,392,857.10 yuan.

(3) Details of the top 5 debtors with largest balances

Debtors	Book balance	Proportion to the total balance of accounts receivable (%)	Provision for bad debts
中国电信股份有限公司江苏分公司 (China Telecom Co., Ltd. Jiangsu Branch[16])	79,237,019.19	14.29	82,027.96
China Potevio Company Limited	32,571,545.21	5.87	255,181.64
泉州市华和通信技术有限公司 (Quanzhou Huahe Communications and Technology Co., Ltd.*)	21,400,715.00	3.86	9,108.00
中国电信股份有限公司陕西分公司 (China Telecom Co., Ltd. Shanxi Branch *)	14,613,453.72	2.64	64,753.21
中国电信股份有限公司广东分公司 (China Telecom Co., Ltd. Guangdong Branch *)	13,709,027.78	2.47	1,905.85
Subtotal	161,531,760.90	29.13	412,976.66

2. Other receivables

(1) Details

1) Details on categories of other receivables

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis	32,997,289.04	37.87	32,997,289.04	100.00	
Receivables with provision made on a collective basis using portfolios with similar credit risk features	54,141,741.28	62.13	4,025,684.38	7.44	50,116,056.90

[16] *The English names are for identification purpose only.*

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Portfolio 1	21,907,316.14	25.14			21,907,316.14
Portfolio 2	32,234,425.14	36.99	4,025,684.38	12.49	28,208,740.76
Receivable of individually insignificant amount but with provision made on an individual basis					
Total	87,139,030.32	100.00	37,022,973.42	42.49	50,116,056.90

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Receivables of individually significant amount and with provision made on an individual basis	32,997,289.04	43.92	32,997,289.04	100.00	
Receivables with provision made on a collective basis using portfolios with similar credit risk features	42,131,015.27	56.08	4,066,650.24	9.65	38,064,365.03
Portfolio 1	18,300,643.50	24.36			18,300,643.50
Portfolio 2	23,830,371.77	31.72	4,066,650.24	17.06	19,763,721.53
Receivable of individually insignificant amount but with provision made on an individual basis					
Total	75,128,304.31	100.00	37,063,939.28	49.33	38,064,365.03

2) Other receivables of individually significant amount and with provision made on an individual basis

Debtors	Book balance	Provision for bad debts	Provision proportion (%)	Reasons for provision made
Putian Telecommunications (H.K.) Co., Ltd.	4,085,166.33	4,085,166.33	100.00	Aging longer difficult to recover
Beijing Picom Telecommunications Equipment Co., Ltd.	28,912,122.71	28,912,122.71	100.00	Aging longer difficult to recover
Subtotal	32,997,289.04	32,997,289.04		

3) In portfolios, other receivables with provision made on a collective basis with age analysis method

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	16,067,161.62		
1-2 years	8,582,271.60		
2-3 years	2,590,364.77	259,036.48	10.00
3-4 years	592,454.29	177,736.29	30.00
4-5 years	1,227,129.05	490,851.62	40.00
5-6 years	384,919.12	307,935.30	80.00
Over 6 years	2,790,124.69	2,790,124.69	100.00
Subtotal	32,234,425.14	4,025,684.38	12.49

(2) Provisions made, collected or reversed in current period

Provisions for bad debts made in current period totaled 40,965.86 yuan.

(3) Other receivables categorized by nature

Nature of receivables	Closing balance	Opening balance
Fund of disbursement for travel expenses	1,052,863.93	958,788.13
Deposit as security	24,479,125.94	18,499,715.99
Temporary advance payment receivable	59,456,036.65	54,294,881.82
Others	2,151,003.80	1,374,918.37
Total	87,139,030.32	75,128,304.31

(4) Details of the top 5 debtors with largest balances

Debtors	Nature of receivables	Book balance	Age	Proportion to the total balance of other receivables (%)	Provision for bad debts
Beijing Picom Telecommunications Equipment Co., Ltd.	Temporary advance payment receivable	28,912,122.71	Over 6 years	33.18	28,912,122.71
Hubei Xintong Communication Co., Ltd.	Deposit as security	4,784,198.21	0-2 years	5.49	
China Mobile Communications Corporation Jiangsu Branch	Deposit as security	3,200,000.00	0-3 years	3.67	15,000.00
China Potevio Company Limited	Deposit as security	1,050,000.00	2-3 years	1.20	100,000.00
China Netcom. Liaoning Branch	Deposit as security	630,000.00	3-6 years	0.72	444,000.00

Subtotal		38,576,320.92		44.27	29,471,122.71

3. Long-term equity investments

(1) Categories

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	173,787,270.64	1,910,520.00	171,876,750.64	173,787,270.64	1,910,520.00	171,876,750.64
Investments in associates and joint ventures	183,646,312.90		183,646,312.90	183,247,835.37		183,247,835.37
Total	357,433,583.54	1,910,520.00	355,523,063.54	357,035,106.01	1,910,520.00	355,124,586.01

(2) Investments in subsidiaries

Investees	Opening balance	Increase	Decrease	Closing balance	Provision for impairment made in current period	Closing balance of provision for impairment
Nanjing Mennekes Electrics Co., Ltd.	57,831,011.71			57,831,011.71		
南京八达通信设备有限公司 (Nanjing Bada Telecommunications Equipment Co., Ltd.[17])	5,610,000.00			5,610,000.00		
Nanjing Putian Changle Telecommunications Equipment Co., Ltd.	2,610,457.00			2,610,457.00		
Nanjing Putian Telecommunication Technology Company Ltd.	1,294,510.00			1,294,510.00		
Potevio Information Technology Co., Ltd.	13,860,000.00			13,860,000.00		
Nanjing Putian Telege Intelligent Building Ltd.	3,320,003.45			3,320,003.45		
Putian Telecommunications (H.K.) Co., Ltd.	1,910,520.00			1,910,520.00	1,910,520.00	1,910,520.00
Nanjing Putian Network Company Ltd.	7,741,140.41			7,741,140.41		
Nanjing Postel Wongzhi Telecommunications Co., Ltd.	40,997,683.00			40,997,683.00		
Nanjing South Telecommunications	33,175,148.00			33,175,148.00		

[17] *The English names are for identification purpose only.*

Investees	Opening balance	Increase	Decrease	Closing balance	Provision for impairment made in current period	Closing balance of provision for impairment
Company Limited						
Nanjing Putian Datang Information Electronic Co., Ltd.	5,436,797.07			5,436,797.07		
Subtotal	173,787,270.64			173,787,270.64	1,910,520.00	1,910,520.00

(3) Investments in associates and joint ventures

Investees	Opening balance	Increase/decrease			
		Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Joint ventures					
SEI-Nanjing Putian Optical Network Co., Ltd.	13,543,120.01			107,587.79	
Subtotal	13,543,120.01			107,587.79	
Associates					
Potevio Hi-tech Industry Co., Ltd.	169,704,715.36			653,261.74	
Subtotal	169,704,715.36			653,261.74	
Total	183,247,835.37			760,849.53	

(Continued)

Investees	Increase/decrease				Closing balance	Closing balance of provision for impairment
	Changes in other equity	Cash dividend/profit declared for distribution	Provision for impairment	Others		
Joint ventures						
SEI-Nanjing Putian Optical Network Co., Ltd.					13,650,707.80	
Subtotal					13,650,707.80	
Associates						
Potevio Hi-tech Industry Co., Ltd.		362,372.00			169,995,605.10	
Subtotal		362,372.00			169,995,605.10	
Total		362,372.00			183,646,312.90	

(II) Notes to items of the parent company income statement

1. Operating revenue/cost

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Revenue from main operations	317,684,044.43	278,160,497.11	356,728,650.51	317,710,779.32
Revenue from other operations	31,541,554.81	25,207,779.79	40,179,602.06	34,396,746.34
Total	349,225,599.24	303,368,276.90	396,908,252.57	352,107,525.66

2. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under cost method	760,849.53	1,645,453.43
Total	760,849.53	1,645,453.43

XVI. Other supplementary information

(I) Non-recurring profit or loss

1. Schedule of non-recurring profit or loss of current period

Items	Amount	Remarks
Gains on disposal of non-current assets, including written-off of provision for impairment	13,717.36	
Tax refund, credit or exemption approved beyond the power of authorities, without formal documents, or with occasionality		
Government grant included in profit or loss (excluding those closely related to operating activities, or regular government grants)	1,211,187.47	
Fund possession charge from non-financial entities and included in profit or loss		
Gains on acquisition of subsidiaries, joint ventures and associates due to the surplus of acquisition-date fair value of net identifiable assets in acquiree over the acquisition cost		
Gains on non-cash assets exchange		
Gains on assets consigned to the third party for investment or management		
Assets impairment loss incurred due to force majeure such as natural disasters		
Gains on debt restructuring		
Entity restructuring expenses, such as staffing and integrating expenses		
Gains on transactions with unfair value		
Net profit gains on subsidiaries acquired through business combination under common control from the beginning of the period to the combination date		
Contingent gains on non-operating activities		
Gains on changes in fair value of held-for-trading financial assets and liabilities and investment income from disposal of held-for-trading financial assets and liabilities, and available-for-sale financial assets, excluding those arising from hedging business related to operating activities		
The reversed provision for impairment of receivables based on impairment testing on an individual basis		
Gains on designated loans		
Gains on changes in fair value of investment properties with subsequent measurement at the fair value mode		
Gains on reconciliation of current period profit or loss following legal and regulative requirements		
Management charges for consigned operations		
Other non-operating revenue or expenditures	237,871.59	
Other profit or loss satisfying the definition of non-recurring profit or loss		
Subtotal	1,462,776.42	
Less: enterprise income tax affected	58,489.55	
Non-controlling interest affected (after tax)	159,023.93	
Net non-recurring profit or loss attributable to shareholders of the	1,245,262.94	

Items	Amount	Remarks
parent company		

(II) RONA and EPS

1. Details

Profit of the reporting period	Weighted average RONA (%)	EPS (yuan/share)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of ordinary shares	-6.28	-0.10	-0.10
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	-6.65	-0.10	-0.10

2. Calculation process of weighted average RONA

Items		Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares		A	-21,109,095.63
Non-recurring profit or loss		B	1,245,262.94
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss		C=A-B	-22,354,358.57
Opening balance of net assets attributable to shareholders of ordinary shares		D	346,684,394.29
Net assets attributable to shareholders of ordinary shares increased due to offering of new shares or conversion of debts into shares		E	
Number of months counting from the next month when the net assets were increased to the end of the reporting period		F	
Net assets attributable to shareholders of ordinary shares decreased due to share repurchase or cash dividends appropriation		G	
Number of months counting from the next month when the net assets were decreased to the end of the reporting period		H	
Others	The currency translation reserve increased in current period	I	-217,635.48
	Number of months counting from the next month when other net assets were increased or decreased to the end of the reporting period	J	3
Number of months in the reporting period		K	6
Weighted average net assets		L= D+A×1/2 + E×F/K-G×H/K±I×J/K	336,021,028.74
Weighted average RONA		M=A/L	-6.28%
Weighted average RONA after deducting non-recurring profit or loss		N=C/L	-6.65%

3. Calculation process of basic EPS and diluted EPS

(1) Calculation process of basic EPS

Items	Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	-21,109,095.63
Non-recurring profit or loss	B	1,245,262.94
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	-22,354,358.57
Opening balance of total shares	D	215,000,000.00
Number of shares increased due to conversion of reserve to share capital or share dividend appropriation	E	
Number of shares increased due to offering of new shares or conversion of debts into shares	F	
Number of months counting from the next month when the share was increased to the end of the reporting period	G	
Number of shares decreased due to share repurchase	H	
Number of months counting from the next month when the share was decreased to the end of the reporting period	I	
Number of shares decreased in the reporting period	J	
Number of months in the reporting period	K	6
Weighted average of outstanding ordinary shares	L=D+E+F×G/K-H×I/K-J	215,000,000.00
Basic EPS	M=A/L	-0.10
Basic EPS after deducting non-recurring profit or loss	N=C/L	-0.10

(2) The calculation process of diluted EPS is the same with that of basic EPS.

Section X. Documents available for reference

(I)Financial statement of the Company with signature and seal from the person in charge of the Company, person in charge of the accounting works and person in charge of accounting;

(II)Original text of all documents of the Company as well as manuscript of the announcement that disclosed on website appointed by CSRC

Board of Directors of
Nanjing Putian Telecommunications Co., ltd.
30 August 2016