Stock Code: 200468 Short Form of the Stock: *ST NJ TEL B Notice No.: 2017-017

Putian Telecommunications Co., Ltd.
Summary of Annual Report 2016

I. Important Notice

The summary is abstract from full-text of annual report, for more details of operating results, financial condition and future development plan of the Company; investors should found in the full-text of annual report that published on media appointed by CSRC.

Objection statement of directors, supervisors and senior executives

Name	Position	Content and reason

Statement

Other directors attending the Meeting for annual report deliberation except for the followed

Name of director absent	Title for absent director	Reasons for absent	Attorney
Li Tong	Director	For work	Han Shu
Huang Haodong	Director	For work	Li Ying
Ding Haiyan	Independent director	For work	Zhang Shunyi

Prompt of non-standard audit opinion

□ Applicable √ Not applicable

Profit distribution pre-plan of common stock or capitalizing of common reserves pre-plan deliberated by the Board in the reporting period

□ Applicable √ Not applicable

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

Profit distribution pre-plan of preferred stock deliberated and approved by the Board in the reporting period

□ Applicable √ Not applicable

II. Basic information of the company

1. Company profile

Short form of the stock	*ST NJ TEL B	Stock code	200468
Stock exchange for listing	Shenzhen Stock Exchange		
Person/Way to contact	Secretary of the Board	Rep. of security affairs	
Name	Zhong Shengwu	Xiao Hong	
Office add.	No. 1 Putian Road, Qinhuai District Nanjing, Jiangsu Province	No. 1 Putian Road, Qinhuai District Nanjing, Jiangsu Province	
Fax.	86-25-52409954	86-25-52409954	
Tel.	86-25-58962008	86-25-58962072	
E-mail	zsw.nst@postel.com.cn	xiaohong@postel.com.cn	

2. Main business or product introduction in the reporting period

Principal Business and Products of the Company

The Company, a long established state-owned holding telecommunication equipment manufacturer, specializes in the R&D, manufacturing and sales of telecommunication equipment products. The traditional leading products of the Company are wiring connection equipments. After continuous industrial restructuring and upgrading for years, the Company has expanded its business from traditional advantaged industries to industrial application fields and developed a diversified operation pattern covering industries including communication, information data application, integrated access and electrical as well as system integration. The products of the Company have a wide geographic coverage across all the provinces and cities around the country and are also exported abroad.

The leading products of the Company are wiring connection. The operating entities besides the headquarter including controlling subsidiary, joint venture, Nanjing Bada Communication Equipment Co., Ltd. and SEI-Nanjing Putian Optical Network Co., Ltd. etc. It’s wiring connection products include distribution frame, outdoor communication products, and power supply products of communication room, indoor optical fiber and cable, IODN and so on. Its target customers are domestic telecom operators. In recent years, the customers are gradually increasing as well.

Controlling subsidiary - Nanjing Southern Telecom Co., Ltd. mainly engaged in the provision of applied solutions in remote collaboration to large and medium-sized customers from governments or in industries such as finance, health care and education. Its leading product is video conferencing equipments.

Nanjing Putian Telege Intelligent Building Co., Ltd, a controlling subsidiary specializes in the production and sales of comprehensive wiring and building intelligence products covering copper wiring, optical fiber cabling, residential wiring and building intelligence.

Furthermore, products of the company also including industrial electrical connector, energy saving control prodcuts, wired/wireless access products and distributed cloud storage etc.

Development in the Industry the Company Belongs to

In recent years, under the promotion of the revitalization planning of information industry, China's domestic communication industry has maintained a good momentum of development. At present, in the context of China's economy entering a new normal, with the impact of mobile internet wave and the further intensified cross-border competition and integration, the industrial structure of communication industry is transforming from the bigger and better traditional services to the better traditional service, the development of high-growth internet emerging businesses, and the development power is transforming from the investment-driven technology upgrades and business development to the innovation-driven optimization services and applications. From the industry competition situation, along with the mutual penetration among the upstream and downstream enterprises in the industrial chain, the gradual increase in new communication device manufacturers, and the continuous implementation of centralized purchasing of operators, the communications equipment manufacturing enterprises are facing greater market competition pressure.

The company's position in the industry

The company is a domestic communications equipment manufacturing enterprise with long history which has established a good brand strength and influence in the industry market, with the continuous optimization and adjustment to the industrial structure, the company is gradually changing from a single product manufacturer to an integrated solution provider, and further achieves expansion of the industry market. The company is one of the major manufacturing enterprises in the domestic wiring field and has long popularity in the industry. In 2016, the company won the “Top 10 most competitive enterprises of China's optical transmission and network access equipment” in the 9th consecutive year. Its subsidiary South Telecom is the major global distributor of video conference products of Polycom and has won the best global partner award of Polycom for three consecutive years, in recent years, South Telecom has vigorously adjusted the business structure, and strived to increase the proportion of multimedia integration and independent product management. The subsidiary Telege Building Company has good channel resources for the integrated wiring products, focuses on the independent innovation, and continues to improve the brand awareness, in 2016, Telege Building Company won the “Top 10 brand of China’s integrated wiring in 2016”, and was awarded “Top 10 brand of China's electrician” for two consecutive years.

3. Main accounting data and financial indexes

(1) Main accounting data and financial indexes for recently three years

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

□ Yes √No

In RMB

	2016	2015	Changes over last year	2014
Operating income (RMB)	1,853,911,278.83	1,893,212,218.81	-2.08%	2,293,340,939.99
Net profit attributable to shareholders of the listed company(RMB)	-6,434,558.27	-16,590,830.26	61.22%	-18,976,543.88
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	-11,286,693.14	-30,429,390.88	62.91%	-24,332,137.36
Net cash flow arising from operating activities(RMB)	109,145,940.57	15,972,428.63	583.34%	71,019,036.33
Basic earnings per share (RMB/Share)	-0.03	-0.08	62.50%	-0.09

Diluted earnings per share (RMB/Share)	-0.03	-0.08	62.50%	-0.09
Weighted average ROE	-1.87%	-4.67%	2.80%	-5.08%
	End of 2016	End of 2015	Changes over end of last year	End of 2014
Total assets (RMB)	2,304,519,167.54	2,093,670,119.65	10.07%	2,082,860,208.23
Net assets attributable to shareholder of listed company (RMB)	339,838,415.21	346,684,394.29	-1.97%	364,179,913.14

(2) Quarterly main financial index

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	348,635,996.16	486,103,227.31	435,072,870.40	584,099,184.96
Net profit attributable to shareholders of the listed company	-15,865,002.53	-5,244,093.10	-1,190,941.53	15,865,478.89
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	-17,060,374.77	-5,293,983.80	-2,163,312.85	13,230,978.28
Net cash flow arising from operating activities	-180,275,476.51	83,694,065.62	-6,405,350.95	212,132,702.41

Whether there are significant differences between the above-mentioned financial index or its total number and the relevant financial index disclosed in the company's quarterly report and semi-annual report

□Yes √ No

4. Shares and shareholders

1. Particulars about common stock shareholders, preference shareholders with voting rights recovered and top ten shareholders

In Share

Total common stock shareholders in reporting period-end	9,018	Total common stock shareholders at end of last month before annual report disclosed	8,938	Total preference shareholders with voting rights recovered at end of reporting period	0	Total preference shareholders with voting rights recovered at end of last month before annual report disclosed	0

Top ten shareholders						
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Amount of shares held	Amount of restricted shares held	Number of shares pledged/frozen	
					State of share	Amount
China Potevio Company Limited	State-owned corporation	53.49%	115,000,000	115,000,000		
Shenwan HongYuan (H.K.) Limited	Foreign corporation	3.64%	7,827,925	0		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign corporation	1.78%	3,826,504	0		
Guosen Securities (H.K.) Broker Co., Ltd.	Foreign corporation	1.40%	2,999,255	0		
Zhang Huai'an	Domestic nature person	1.31%	2,807,000	0		
Zheng Enyue	Domestic nature person	1.12%	2,405,739	0		
BOCI SECURITIES LIMITED	Foreign corporation	1.11%	2,386,528	0		
Sun Huiming	Domestic nature person	0.93%	2,007,110	0		
Gu Jinhua	Domestic nature person	0.83%	1,783,771	0		
Chen Chujia	Domestic nature person	0.62%	1,336,806	0		
Explanation on associated relationship among the aforesaid shareholders		Among the top ten shareholders, China Potevio 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.				
Explanation on shareholders involving margin business (if applicable)		N/A				

(2) Total preferred stock shareholders of the Company and shares held by top ten shareholders with preferred stock held

□ Applicable √ Not applicable

The Company had no shareholders with preferred stock held in the reporting.

3. Property right and controlling relationships between the actual controllers of the Company and the Company is as follows:

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

↓ 100%

China Putian Corporation

↓ 100%

China Potevio Company Limited

↓ 53.49%

Nanjing Putian Telecommunications Co., Ltd.

5. 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

(1) Corporate bonds

Bond	Short form	Code	Due date	Balance (in 10 thousand Yuan)	Interest rate

(2) New track ratings of the bond and changes

(3) Main accounting data and financial index in latest two years up to end of the Period

In 10 thousand Yuan

Item	2016	2015	ROC at same period

III. Discussion and Analysis of Operation

1. Operation in reporting period

Whether the company needs to comply with the disclosure requirements of the particular industry

No

In 2016, the company adhered to the guiding principles of “innovation, integration, capital” in face of the complex and changing economic situation, focused on the annual budget goals, deepened the reform and innovation, strengthened the lean management, promoted the quality and efficiency, centered on the development of quality benefits, and the management and development achieved new results.

In terms of industrial development, the Company focusing on central business in the period, further optimized the industrial structure, increased the industrial integration, promoted the transformation and innovation, optimized and adjusted the industrial sector, and actively develop new technology products, cultivate new industries for pushing forward the transformation and upgrading of industries. In terms of operating and management, During the reporting period, the company deepened the reform and innovation, promoted the management efficiency. Take serious measures to the special governance of losing enterprises and continue to carry out the cost decreasing and benefit increasing, also take effective measures to dispose account receivable and invenories, strengthen on vary refined management, make efforts to improving operation benefits and promoting a sustainable development for the enterprise in a health way.

In 2016, the company optimized the structural layout, focused on improving efficiency, solidly carried out the operation and management work, steadily promoted all kinds of special work, and achieved certain results in accordance with the national structural reform requirements to the supply side and the planning for sustainable and healthy management and development. Influenced by the downturn in macroeconomic environment, the fierce competition in industry market, and the company's new businesses still being in the initial stage of cultivation or production and other factors, in 2016, the company realized the operating income of 1854 million Yuanand completed 103% of the annual budget, an decrease of 2.08% on a year-on-year basis; realized total profits of 18,966,600 Yuan, an increase of 87.64% on a year-on-year basis, and achieved net profit attributable to the parent company of -6434,600 Yuan.

2. Whether the main business had major change in the reporting period

□ Yes √ No

3. About the industries, products, or regions accounting for over 10% of the company’s operating income or operating profit

√Applicable □Not applicable

In RMB

Name	Operating revenue	Operating cost	Gross profit ratio	Increase/decrease of operating revenue y-o-y	Increase/decrease of operating cost y-o-y	Increase/decrease of gross profit ratio y-o-y
Video conference products	550,349,437.57	86,203,306.36	15.66%	-4.82%	-2.43%	-2.06%
Cabling products	344,575,635.28	70,753,117.45	20.53%	9.03%	9.63%	-0.44%
Electrical products	129,144,035.10	35,814,554.86	27.73%	12.63%	13.39%	-0.49%

Wiring and other products	892,025,057.13	125,717,475.53	14.09%	-7.04%	-7.93%	0.82%
Interior offset	-137,027,302.23	2,303,227.06	1.68%	15.39%	13.97%	1.68%
Other business	74,844,415.98	20,315,492.33	27.14%	-13.64%	-26.27%	12.47%

4. Whether the characteristics of management seasonal or cyclical need special attention

□ Yes √ No

5. In the reporting period, note of major changes in operating income, operating cost, total net profit attributable to common stock shareholders of listed company or composing the previous reporting period

√Applicable □Not applicable

	2016	2015	Increase/decrease y-o-y (RMB)	Increase/decrease y-o-y (%)
Operating income	1,853,911,278.83	1,893,212,218.81	-39,300,939.98	-2.08%
Operating cost	1,512,804,105.24	1,552,075,648.72	-39,271,543.48	-2.53%
Net profit attributable to shareholders of the listing corporation	-6,434,558.27	-16,590,830.26	10,156,271.99	61.22%

Net loss of 2016 decrease over the previous year mainly because: (1) the Company seize market opportunities in the period, and actively expanding new products and business, more efforts on increasing foreign cooperation and marketing; (2) put more works on adjustment of industrial structure and special treatment; optimized the original industry sector, seriously researching the loss governance and specifal works of quality and efficiency. Carried out shrinkage adjustment, business innovation and transformation and promotion for part of the operational entities, with purpose of reducing losses and improving efficiency; and (3) further strengthen lean management and cost decreasing & benefit increasing, strive to obtained the credit support from majority shareholders by strictly budget execution, clearing accoutns receivables and inventory, and reducing variou operation costs by putting more efforts on internal control management.

6. Particular about suspended and delisting

√Applicable □Not applicable

As the company's audited net profit in two fiscal years of 2014 and 2015 was negative, according to the provisions of "Stock Listing Rules of the Shenzhen Stock Exchange", the company's shares have been implemented the *ST risk admonition from March 30, 2016. In accordance with the audit report issued by Pan-China Certified Public Accountants (Special General Partnership), the company's net profit attributable to the shareholders of the listed company in 2016 was still negative, therefore, according to the relevant provisions of "Stock Listing Rules of the Shenzhen Stock Exchange", the Company's shares should be suspended since the disclosure date of the company's 2016 annual report, the Shenzhen Stock Exchange would make a decision on whether to suspend the listing of the company's shares within fifteen trading days after the suspension. Please pay attention to the investment risks.

During the reporting period, the company increased the efforts to industrial restructuring and loss management, expanded the foreign cooperation and marketing, strengthened the lean management and the cost decreasing and benefit increasing, the amount of losses was greatly reduced compared with the previous year. In 2017, the company will continue to increase the internal reform and adjustment, deepen the intensive market and foreign cooperation, take serious measures to inventory and receivables clear-up control, accelerate the management and development of newly nurtured industry, accelerate the transformation and innovation, do real and stronger, and turn the losses into gains.

7. Relevant items involving financial report

(1) Particulars about the changes in aspect of accounting policy, estimates and calculation method compared with the financial report of last year

□ Applicable √ Not applicable

No particulars about the changes in aspect of accounting policy, estimates or calculation method in Period.

(2) Major accounting errors within reporting period that needs retrospective restatement

□ Applicable √ Not applicable

No major accounting errors within reporting period that needs retrospective restatement for the Company in the period.

(3) Compare with last year's financial report; explain changes in consolidation statement's scope

□ Applicable √ Not applicable

The consolidation scope has no changes in the period

Board of Directors of
Nanjing Putian Telecommunications Co., Ltd.
29 April 2017