# Nanjing Putian Telecommunications Co., Ltd.

## First Quarterly Report 2018

**April 2018**

# Section I. Important Notice

**Board of Directors and the Supervisory Committee of Nanjing Putian Telecommunications Co., Ltd. (hereinafter referred to as the Company) and its directors, supervisors and senior executives should guarantee the reality, accuracy and completion of the quarterly report, there are no any fictitious statements, misleading statements or important omissions carried in this report, and shall take legal responsibilities, individual and/or joint.**

**All Directors are attended the Board Meeting for Quarterly Report deliberation.**

**Li Linzhen, Principal of the Company, Li Linzhen, person in charger of accounting works and Gao Wen, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of this Quarterly Report is authentic, accurate and complete.**

# Section II. Main financial data and changes of shareholders

## I. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data

□ Yes √No

| | At the reporting period | At the same period of last year | Changes of this period over same period of last year |
|---|---|---|---|
| Operating income (RMB) | 579,271,964.31 | 356,684,098.74 | 62.40% |
| Net profit attributable to shareholders of the listed company (RMB) | -6,411,052.72 | -20,717,596.23 | 69.06% |
| Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB) | -29,910,522.65 | -20,711,454.82 | -44.42% |
| Net cash flow arising from operating activities (RMB) | -181,745,941.41 | -197,146,881.56 | 7.81% |
| Basic earnings per share (RMB/Share) | -0.030 | -0.096 | 68.75% |
| Diluted earnings per share (RMB/Share) | -0.030 | -0.096 | 68.75% |
| Weighted average ROE | -1.84% | -6.29% | 4.45% |
| | At the end of the reporting period | At the end of last year | Changes of this period-end over same period-end of last year |
| Total assets (RMB) | 1,861,597,160.00 | 2,116,312,318.51 | -12.04% |
| Net assets attributable to shareholder of listed company (RMB) | 345,818,355.42 | 352,228,571.54 | -1.82% |

Items of non-recurring gains and losses

√ Applicable □ Not applicable

In RMB

| Item | Amount from year-begin to period-end | Note |
|---|---|---|
| Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets) | -4,997,146.30 | |
| 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) | 33,218,590.42 | Including 30 million Yuan from housing expropriation compensation |
| Other non-operating income and expenditure except for the aforementioned items | -27,008.57 | |

| | | |
|---|---|---|
| Less: impact on income tax | 0.00 | |
| Impact on minority shareholders' equity (post-tax) | 4,694,965.62 | |
| Total | 23,499,469.93 | -- |

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*

## II. Total number of shareholders at the end of this report period and top ten shareholders

### 1. Total number of common shareholders and preference shareholders with voting rights recovered and top ten common shareholders

In shares

| | | | |
|---|---|---|---|
| Total number of common shareholders at the end of report period | 8,326 | Total preference shareholders with voting rights recovered at end of reporting period (if applicable) | 0 |

| Top ten shareholders | | | | | | |
|---|---|---|---|---|---|---|
| Shareholder's name | Nature of shareholder | Proportion of shares held | Amount of shares held | Amount of restricted shares held | Number of share pledged/frozen | |
| | | | | | State of share | Amount |
| China Potevio | State-owned corporation | 53.49% | 115,000,000 | 115,000,000 | | |
| GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED | Foreign corporation | 4.46% | 9,596,527 | 0 | | |
| Shenwan Hongyuan Securities (Hong Kong) Co., LTD. | Foreign corporation | 4.46% | 9,587,925 | 0 | | |
| Zhang Huai'an | Domestic nature person | 1.31% | 2,807,000 | 0 | | |
| Zheng Enyue | Domestic nature person | 1.12% | 2,405,739 | 0 | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Sun Huiming | Domestic nature person | 0.93% | 2,007,110 | 0 | | |
| Guosen Securities (H.K.) Broker Co., Ltd. | Foreign corporation | 0.87% | 1,861,882 | 0 | | |
| Gu Jinhua | Domestic nature person | 0.83% | 1,783,771 | 0 | | |
| BOCI SECURITIES LIMITED | Foreign corporation | 0.80% | 1,716,945 | 0 | | |
| LI SHERYN ZHAN MING | Foreign nature person | 0.53% | 1,145,000 | 0 | | |

| The top ten circulation shareholders shareholdings | | | |
|---|---|---|---|
| Shareholder’s name | Amount of listed circulation shares held | Type of shares | |
| | | Type | Amount |
| GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED | 9,596,527 | Domestically listed foreign shares | 9,596,527 |
| Shenwan Hongyuan Securities (Hong Kong) Co., LTD. | 9,587,925 | Domestically listed foreign shares | 9,587,925 |
| Zhang Huai’an | 2,807,000 | Domestically listed foreign shares | 2,807,000 |
| Zheng Enyue | 2,405,739 | Domestically listed foreign shares | 2,405,739 |
| Sun Huiming | 2,007,110 | Domestically listed foreign shares | 2,007,110 |
| Guosen Securities (H.K.) Broker Co., Ltd. | 1,861,882 | Domestically listed foreign shares | 1,861,882 |
| Gu Jinhua | 1,783,771 | Domestically listed foreign shares | 1,783,771 |
| BOCI SECURITIES LIMITED | 1,716,945 | Domestically listed foreign shares | 1,716,945 |

| | | | |
|---|---|---|---|
| LI SHERYN ZHAN MING | 1,145,000 | Domestically listed foreign shares | 1,145,000 |
| Jin Yunhua | 950,162 | Domestically listed foreign shares | 950,162 |
| Note of related relationship among the above shareholders and concerted actors | 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 top ten common shareholders involving margin business (if applicable) | 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.

## 2. Total shareholders with preferred stock held and shares held by top ten shareholders with preferred stock held

□ Applicable √ Not applicable

# Section III. Significant Events

## I. Particulars about material changes in items of main accounting statement and financial index and explanations of reasons

√ Applicable □ Not applicable

| Item | 2018-3-31(RMB) | 2017-12-31(RMB) | Amount of changes (RMB) | Changes ratio (%) | Reasons of great changes |
|---|---|---|---|---|---|
| Notes receivable | 19,497,979.29 | 32,477,463.59 | -12,979,484.30 | -39.96% | Note receivables are maturity acceptance in the period and endorsement for payment of goods |
| Advance payment | 148,641,520.83 | 53,821,937.79 | 94,819,583.04 | 176.17% | Notes are paid for goods in the period |
| Inventory | 288,318,955.25 | 491,603,781.00 | -203,284,825.75 | -41.35% | Some of the inventory are send out goods in the period for sales resulted |
| Other current assets | 7,371,420.98 | 45,282,892.44 | -37,911,471.46 | -83.72% | Products are has been sale, taxes deductible |
| Notes payable | 83,022,869.18 | 20,161,687.14 | 62,861,182.04 | 311.79% | The bank acceptance are issued for good payment in the period increased |
| Received in advance | 129,207,192.64 | 317,197,824.66 | -187,990,632.02 | -59.27% | Some of the products are send out goods in the period for sales resulted |
| Taxes payable | 4,769,117.70 | 18,883,017.18 | -14,113,899.48 | -74.74% | Taxes declined in the period |
| Deferred income | 5,445,512.48 | 8,664,102.90 | -3,218,590.42 | -37.15% | Some of the government subsidy used for resettlement personnel are utilized in the period, which has originally reckoned into deferred income |
| | Jan-Mar 2018 (RMB) | Jan-Mar 2017 (RMB) | Amount of changes (RMB) | Changes ratio (%) | |
| Operating income | 579,271,964.31 | 356,684,098.74 | 222,587,865.57 | 62.40% | Compared with same period of last year, we have a sales revenue from special network communication products in the period |
| Operating cost | 514,377,099.03 | 288,405,057.81 | 225,972,041.22 | 78.35% | Compared with same period of last year, we has a new sales of special network communication |

| | | | | | |
|---|---|---|---|---|---|
| | | | | | products in the period |
| Financial expenses | 5,457,315.10 | 2,725,159.04 | 2,732,156.06 | 100.26% | The bill discount costs increased and soaring lending rate in the period |
| Investment income | -107,597.53 | -298,056.17 | 190,458.64 | 63.90% | Joint stock enterprise reduce deficits in the period from a year earlier |
| Operating profit | -34,558,568.29 | -21,653,992.28 | -12,904,576.01 | -59.59% | 1. Influenced by the spring festival holiday and less investment from operators and minor purchasing amount in 1Q, the first quarter usually is the off-season for the Company, however the period charge are occurred in normal; meanwhile, part of the operation entity are relocated in the period, thus operation has a certain influence 2. The period charge increased from a year earlier for internal reform and adjustment, compensation for personnel shunting and investment for R&D in the period |
| Non business income | 31,326,075.99 | 2,006,884.48 | 29,319,191.51 | 1460.93% | The housing expropriation compensation of 30 million Yuan received in the period |
| Total profit | -3,282,546.99 | -20,333,185.77 | 17,050,638.78 | 83.86% | The housing expropriation compensation received in the period |
| Net profit | -3,306,273.76 | -20,605,994.84 | 17,299,721.08 | 83.95% | |
| Net profit attributable to owners of parent company | -6,411,052.72 | -20,717,596.23 | 14,306,543.51 | 69.06% | |
| Net cash flow from investment activity | 26,716,607.25 | -3,784,494.75 | 30,501,102.00 | 805.95% | The housing expropriation compensation of 30 million Yuan are received by the Company and subsidiary in the period |
| Subtotal of cash inflow from financing activities | 196,510,000.00 | 121,500,000.00 | 75,010,000.00 | 61.74% | Bank loans increased in the period |
| Net cash flow | 45,139,648.84 | -13,411,231.47 | 58,550,880.31 | 436.58% | Bank loans increased in the |

| | | | | | |
|---|---|---|---|---|---|
| from financing activities | | | | | period |
| Net increase in cash and cash equivalents | -109,982,042.37 | -214,342,607.78 | 104,360,565.41 | 48.69% | Cash flow respectively from operation /investment/financing activities increased in the period |

## II. Analysis and explanation of significant events and their influence and solutions

√Applicable □ Not applicable

1. As the net profit attributable to the shareholders for the three consecutive years in 2014, 2015 and 2016 was a negative value, stock of the Company suspended since 11 May 2017 on Shenzhen Stock Exchange after decision by SSE. Relevant specific countermeasures and progress for returning to the market can be found in the "Notice of Countermeasures and Relevant Progress for Returning to the Mark" released montly. The Company released the Annual Report 2017 on 24 April 2018 and according to the audit reprot issued from Pan-China Certifier Public Accountants, the net profit attributable to shareholder of listed company and net profit attributable to shareholder of listed company after deducted the non-recurring gains/losses are amounted as positive result, the Company plans to put forward the application for stock resumption to the Shenzhen Stock Exchange in five trading days after the Annual Report 2017 disclosed.

2. In reporting period, the Company and subsidiary - Nanjing Bada Telecommunications Equipment Co., Ltd. entered into a framework agreement with compensation concerned with Nanjing Qinghuan Housing Expropriation Service Co., Ltd., found more in relevant notice as:

| Summary of important issues | Date of disclosure | Website query index of interim report disclosure |
|---|---|---|
| Notice of Countermeasures and Relevant Progress for Returning to the Mark | 2018-01-06 | Juchao Website (www.cninfo.com.cn) |
| | 2018-02-07 | Juchao Website (www.cninfo.com.cn) |
| | 2018-03-06 | Juchao Website (www.cninfo.com.cn) |
| | 2018-04-10 | Juchao Website (www.cninfo.com.cn) |
| Notice of Signing the framework agreement with compensation concerned | 2018-03-20 | Juchao Website (www.cninfo.com.cn) |
| Progress of Housing Expropriation | 2018-04-14 | Juchao Website (www.cninfo.com.cn) |

## III. Commitments completed in Period and those without completed till end of the Period from actual controller, shareholders, related parties, purchaser and companies

□ Applicable √ Not applicable

The Company has no commitments completed in Period and those without completed till end of the Period from actual controller, shareholders, related parties, purchaser and companies.

## IV. Forecast of operation performance from Jan. – June of 2018

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

## V. Securities Investment

□ Applicable √ Not applicable

No security investment in Period.

## VI. Derivative investment

□ Applicable √ Not applicable

No derivative investment in Period.

## VII. Registration form for receiving research, communication and interview in the report period

□ Applicable √ Not applicable

No registration form for receiving research, communication or interview in the Period.

## VIII. Guarantee outside against the regulation

□Applicable √Not applicable

The Company had no guarantee outside against the regulation in the reporting period.

## IX. Non-operational fund occupation from controlling shareholders and its related party

□ Applicable √ Not applicable

The Company had no non-operational fund occupation form controlling shareholders and its related party in the period.

# IV. Financial statement

## I. Financial statement

### 1. Consolidated balance sheet

Prepared by Nanjing Putian Telecommunications Co., Ltd.

2018-03-31

In RMB

| Items | Closing Balance | Opening Balance |
|---|---|---|
| Current assets: | | |
| Monetary funds | 278,330,550.62 | 327,752,066.73 |
| Settlement provisions | | |
| Capital lent | | |
| Financial assets measured by fair value and with variation reckoned into current gains/losses | | |
| Derivative financial liability | | |
| Notes receivable | 19,497,979.29 | 32,477,463.59 |
| Accounts receivable | 748,056,322.20 | 780,089,607.41 |
| Accounts paid in advance | 148,641,520.83 | 53,821,937.79 |
| Insurance receivable | | |
| Reinsurance receivables | | |
| Contract reserve of reinsurance receivable | | |
| Interest receivable | | |
| Dividend receivable | | |
| Other receivables | 22,311,197.79 | 29,325,423.73 |
| Purchase restituted finance asset | | |
| Inventories | 288,318,955.25 | 491,603,781.00 |
| Assets held for sale | | |
| Non-current asset due within one year | | |
| Other current assets | 7,371,420.98 | 45,282,892.44 |
| Total current assets | 1,512,527,946.96 | 1,760,353,172.69 |
| Non-current assets: | | |

| | | |
|---|---|---|
| Loans and payments on behalf | | |
| Finance asset available for sales | 741,953.00 | 741,953.00 |
| Held-to-maturity investment | | |
| Long-term account receivable | | |
| Long-term equity investment | 186,869,908.70 | 186,977,506.23 |
| Investment property | 12,669,755.82 | 12,802,485.28 |
| Fixed assets | 113,155,230.93 | 119,741,921.78 |
| Construction in progress | 2,384,533.27 | 2,163,267.89 |
| Engineering material | | |
| Disposal of fixed asset | | |
| Productive biological asset | | |
| Oil and gas asset | | |
| Intangible assets | 30,442,266.55 | 30,736,816.88 |
| Expense on Research and Development | | |
| Goodwill | | |
| Long-term expenses to be apportioned | 2,805,564.77 | 2,795,194.76 |
| Deferred income tax asset | | |
| Other non-current asset | | |
| Total non-current asset | 349,069,213.04 | 355,959,145.82 |
| Total assets | 1,861,597,160.00 | 2,116,312,318.51 |
| Current liabilities: | | |
| Short-term loans | 437,510,000.00 | 387,550,000.00 |
| Loan from central bank | | |
| Absorbing deposit and interbank deposit | | |
| Capital borrowed | | |
| Financial liability measured by fair value and with variation reckoned into current gains/losses | | |
| Derivative financial liability | | |
| Notes payable | 83,022,869.18 | 20,161,687.14 |
| Accounts payable | 647,741,498.52 | 806,672,174.17 |
| Accounts received in advance | 129,207,192.64 | 317,197,824.66 |
| Selling financial asset of repurchase | | |
| Commission charge and | | |

| | | |
|---|---|---|
| commission payable | | |
| Wage payable | 19,975,807.28 | 21,033,311.73 |
| Taxes payable | 4,769,117.70 | 18,883,017.18 |
| Interest payable | 396,333.33 | 531,667.36 |
| Dividend payable | 1,692,213.38 | 1,692,213.38 |
| Other accounts payable | 62,019,561.60 | 60,803,921.89 |
| Reinsurance payables | | |
| Insurance contract reserve | | |
| Security trading of agency | | |
| Security sales of agency | | |
| Liability held for sale | | |
| Non-current liabilities due within 1 year | | |
| Other current liabilities | | |
| Total current liabilities | 1,386,334,593.63 | 1,634,525,817.51 |
| Non-current liabilities: | | |
| Long-term loans | | |
| Bonds payable | | |
| Including: preferred stock | | |
| Perpetual capital securities | | |
| Long-term account payable | | |
| Long-term wages payable | | |
| Special accounts payable | | |
| Projected liabilities | | |
| Deferred income | 5,445,512.48 | 8,664,102.90 |
| Deferred income tax liabilities | | |
| Other non-current liabilities | | |
| Total non-current liabilities | 5,445,512.48 | 8,664,102.90 |
| Total liabilities | 1,391,780,106.11 | 1,643,189,920.41 |
| Owner’s equity: | | |
| Share capital | 215,000,000.00 | 215,000,000.00 |
| Other equity instrument | | |
| Including: preferred stock | | |
| Perpetual capital securities | | |

| | | |
|---|---|---|
| Capital public reserve | 185,374,533.85 | 185,374,533.85 |
| Less: Inventory shares | | |
| Other comprehensive income | -4,128,782.85 | -4,129,619.45 |
| Reasonable reserve | | |
| Surplus public reserve | 589,559.77 | 589,559.77 |
| Provision of general risk | | |
| Retained profit | -51,016,955.35 | -44,605,902.63 |
| Total owner's equity attributable to parent company | 345,818,355.42 | 352,228,571.54 |
| Minority interests | 123,998,698.47 | 120,893,826.56 |
| Total owner's equity | 469,817,053.89 | 473,122,398.10 |
| Total liabilities and owner's equity | 1,861,597,160.00 | 2,116,312,318.51 |

Legal representative: Li Linzhen

Person in charger of accounting works: Li Linzhen

Person in charge of accounting organ: Gao Wen

## 2. Balance Sheet of Parent Company

In RMB

| Item | Closing balance | Opening balance |
|---|---|---|
| Current assets: | | |
| Monetary funds | 163,332,090.48 | 124,984,257.34 |
| Financial assets measured by fair value and with variation reckoned into current gains/losses | | |
| Derivative financial liability | | |
| Notes receivable | 11,714,418.56 | 9,184,642.99 |
| Accounts receivable | 395,951,212.77 | 425,563,836.97 |
| Account paid in advance | 117,036,719.86 | 22,368,455.10 |
| Interest receivable | | |
| Dividends receivable | | |
| Other receivables | 24,957,977.26 | 41,195,020.22 |
| Inventories | 150,753,326.20 | 351,155,734.21 |
| Assets held for sale | | |
| Non-current assets maturing within | | |

| | | |
|---|---|---|
| one year | | |
| Other current assets | 1,062,736.11 | 38,624,058.06 |
| Total current assets | 864,808,481.24 | 1,013,076,004.89 |
| Non-current assets: | | |
| Available-for-sale financial assets | 741,953.00 | 741,953.00 |
| Held-to-maturity investments | | |
| Long-term receivables | | |
| Long-term equity investments | 355,706,557.90 | 355,814,155.43 |
| Investment property | | |
| Fixed assets | 53,313,751.36 | 56,349,626.12 |
| Construction in progress | 1,830,131.25 | 1,830,131.25 |
| Project materials | | |
| Disposal of fixed assets | | |
| Productive biological assets | | |
| Oil and natural gas assets | | |
| Intangible assets | 12,487,070.10 | 12,676,942.23 |
| Research and development costs | | |
| Goodwill | | |
| Long-term deferred expenses | 2,613,514.77 | 2,580,098.76 |
| Deferred income tax assets | | |
| Other non-current assets | | |
| Total non-current assets | 426,692,978.38 | 429,992,906.79 |
| Total assets | 1,291,501,459.62 | 1,443,068,911.68 |
| Current liabilities: | | |
| Short-term borrowings | 336,000,000.00 | 309,000,000.00 |
| Financial liability measured by fair value and with variation reckoned into current gains/losses | | |
| Derivative financial liability | | |
| Notes payable | 82,022,869.18 | 19,161,687.14 |
| Accounts payable | 345,354,479.75 | 387,637,755.76 |
| Accounts received in advance | 110,067,882.02 | 290,793,176.69 |
| Wage payable | 8,355,126.51 | 7,816,724.35 |
| Taxes payable | 2,054,307.32 | 4,595,540.32 |
| Interest payable | 396,333.33 | 396,333.33 |

| | | |
|---|---|---|
| Dividend payable | | |
| Other accounts payable | 208,492,536.79 | 213,668,065.12 |
| Liability held for sale | | |
| Non-current liabilities due within 1 year | | |
| Other current liabilities | | |
| Total current liabilities | 1,092,743,534.90 | 1,233,069,282.71 |
| Non-current liabilities: | | |
| Long-term loans | | |
| Bonds payable | | |
| Including: preferred stock | | |
| Perpetual capital securities | | |
| Long-term account payable | | |
| Long-term wages payable | | |
| Special accounts payable | | |
| Projected liabilities | | |
| Deferred income | 578,359.48 | 1,770,926.90 |
| Deferred income tax liabilities | | |
| Other non-current liabilities | | |
| Total non-current liabilities | 578,359.48 | 1,770,926.90 |
| Total liabilities | 1,093,321,894.38 | 1,234,840,209.61 |
| Owners' equity: | | |
| Share capita | 215,000,000.00 | 215,000,000.00 |
| Other equity instrument | | |
| Including: preferred stock | | |
| Perpetual capital securities | | |
| Capital public reserve | 172,417,299.81 | 172,417,299.81 |
| Less: Inventory shares | | |
| Other comprehensive income | | |
| Reasonable reserve | | |
| Surplus reserve | 589,559.76 | 589,559.76 |
| Retained profit | -189,827,294.33 | -179,778,157.50 |
| Total owner's equity | 198,179,565.24 | 208,228,702.07 |

| | | |
|---|---|---|
| Total liabilities and owner's equity | 1,291,501,459.62 | 1,443,068,911.68 |

## 3. Consolidated Profit Statement

In RMB

| Item | The Period | Last Period |
|---|---|---|
| I. Total operating income | 579,271,964.31 | 356,684,098.74 |
| Including: Operating income | 579,271,964.31 | 356,684,098.74 |
| Interest income | | |
| Insurance gained | | |
| Commission charge and commission income | | |
| II. Total operating cost | 612,747,579.19 | 378,040,034.85 |
| Including: Operating cost | 514,377,099.03 | 288,405,057.81 |
| Interest expense | | |
| Commission charge and commission expense | | |
| Cash surrender value | | |
| Net amount of expense of compensation | | |
| Net amount of withdrawal of insurance contract reserve | | |
| Bonus expense of guarantee slip | | |
| Reinsurance expense | | |
| Operating tax and extras | 1,923,329.45 | 1,946,201.09 |
| Sales expenses | 44,546,793.22 | 43,970,560.00 |
| Administration expenses | 46,443,042.39 | 40,993,510.71 |
| Financial expenses | 5,457,315.10 | 2,725,159.04 |
| Losses of devaluation of asset | | -453.80 |
| Add: Changing income of fair value(Loss is listed with "-") | | |
| Investment income (Loss is listed with "-") | -107,597.53 | -298,056.17 |
| Including: Investment income on affiliated company and joint venture | -107,597.53 | -298,056.17 |
| Exchange income (Loss is listed with "-") | | |

| | | |
|---|---|---|
| Assets disposal income (Loss is listed with "-") | -5,126,100.94 | |
| Other income | 4,150,745.06 | |
| III. Operating profit (Loss is listed with "-") | -34,558,568.29 | -21,653,992.28 |
| Add: Non-operating income | 31,326,075.99 | 2,006,884.48 |
| Less: Non-operating expense | 50,054.69 | 686,077.97 |
| IV. Total Profit (Loss is listed with "-") | -3,282,546.99 | -20,333,185.77 |
| Less: Income tax expense | 23,726.77 | 272,809.07 |
| V. Net profit (Net loss is listed with "-") | -3,306,273.76 | -20,605,994.84 |
| (I) Continuous operation net profit (Net loss is listed with "-") | | |
| (II) Discontinued operation net profit (Net loss is listed with "-") | | |
| Net profit attributable to owner's of parent company | -6,411,052.72 | -20,717,596.23 |
| Minority shareholders' gains and losses | 3,104,778.96 | 111,601.39 |
| VI. Net after-tax of other comprehensive income | 929.55 | |
| Net after-tax of other comprehensive income attributable to owners of parent company | 836.60 | |
| (I) Other comprehensive income items which will not be reclassified subsequently to profit of loss | | |
| 1. Changes as a result of re-measurement of net defined benefit plan liability or asset | | |
| 2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss | | |
| (II) Other comprehensive income items which will be reclassified subsequently to profit or loss | 836.60 | |
| 1. Share of the other comprehensive income of the investee | | |

| | | |
|---|---|---|
| accounted for using equity method which will be reclassified subsequently to profit or loss | | |
| 2. Gains or losses arising from changes in fair value of available-for-sale financial assets | | |
| 3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets | | |
| 4. The effect hedging portion of gains or losses arising from cash flow hedging instruments | | |
| 5. Translation differences arising on translation of foreign currency financial statements | 836.60 | |
| 6. Other | | |
| Net after-tax of other comprehensive income attributable to minority shareholders | 92.95 | |
| VII. Total comprehensive income | -3,305,344.21 | -20,605,994.84 |
| Total comprehensive income attributable to owners of parent Company | -6,410,216.12 | -20,717,596.23 |
| Total comprehensive income attributable to minority shareholders | 3,104,871.91 | 111,601.39 |
| VIII. Earnings per share: | | |
| (i) Basic earnings per share | -0.030 | -0.096 |
| (ii) Diluted earnings per share | -0.030 | -0.096 |

Enterprise combine under the same control in the Period, the combined party realized net profit of 0 Yuan before combination, and realized 0 Yuan at last period for combined party.

Legal representative: Li Linzhen

Person in charger of accounting works: Li Linzhen

Person in charge of accounting organ: Gao Wen

## 4. Profit Statement of Parent Company

In RMB

| Item | The Period | Last Period |
|---|---|---|

| | | |
|---|---|---|
| I. Operating income | 368,044,692.84 | 124,761,034.35 |
| Less: Operating cost | 350,613,943.72 | 107,193,782.94 |
| Operating tax and extras | 743,171.53 | 1,140,506.17 |
| Sales expenses | 19,536,510.54 | 16,543,492.15 |
| Administration expenses | 18,317,322.83 | 15,235,465.23 |
| Financial expenses | 5,448,047.84 | 2,567,947.79 |
| Losses of devaluation of asset | | |
| Add: Changing income of fair value(Loss is listed with “-”) | | |
| Investment income (Loss is listed with “-”) | -107,597.53 | -298,056.17 |
| Including: Investment income on affiliated company and joint venture | | |
| Assets disposal income (Loss is listed with “-”) | -2,858,698.79 | |
| Other income | 226,835.90 | |
| II. Operating profit (Loss is listed with “-”) | -29,353,764.04 | -18,218,216.10 |
| Add: Non-operating income | 19,326,075.71 | 269,172.88 |
| Less: Non-operating expense | 21,448.50 | 3,716.94 |
| III. Total Profit (Loss is listed with “-”) | -10,049,136.83 | -17,952,760.16 |
| Less: Income tax expense | | |
| IV. Net profit (Net loss is listed with “-”) | -10,049,136.83 | -17,952,760.16 |
| (I) Continuous operation net profit (Net loss is listed with “-”) | | |
| (II) Discontinued operation net profit (Net loss is listed with “-”) | | |
| V. Net after-tax of other comprehensive income | | |
| (I) Other comprehensive income items which will not be reclassified subsequently to profit of loss | | |
| 1. Changes as a result of re-measurement of net defined benefit plan liability or asset | | |
| 2. Share of the other | | |

| | | |
|---|---|---|
| comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss | | |
| (II) Other comprehensive income items which will be reclassified subsequently to profit or loss | | |
| 1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss | | |
| 2. Gains or losses arising from changes in fair value of available-for-sale financial assets | | |
| 3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets | | |
| 4. The effect hedging portion of gains or losses arising from cash flow hedging instruments | | |
| 5. Translation differences arising on translation of foreign currency financial statements | | |
| 6. Other | | |
| VI. Total comprehensive income | -10,049,136.83 | -17,952,760.16 |
| VII. Earnings per share: | | |
| (i) Basic earnings per share | -0.047 | -0.084 |
| (ii) Diluted earnings per share | -0.047 | -0.084 |

### 5. Consolidated Cash Flow Statement

In RMB

| Item | The Period | Last Period |
|---|---|---|
| I. Cash flows arising from operating activities: | | |
| Cash received from selling commodities and providing labor services | 410,981,475.60 | 438,619,525.43 |
| Net increase of customer deposit | | |

| | | |
|---|---|---|
| and interbank deposit | | |
| Net increase of loan from central bank | | |
| Net increase of capital borrowed from other financial institution | | |
| Cash received from original insurance contract fee | | |
| Net cash received from reinsurance business | | |
| Net increase of insured savings and investment | | |
| Net increase of amount from disposal financial assets that measured by fair value and with variation reckoned into current gains/losses | | |
| Cash received from interest, commission charge and commission | | |
| Net increase of capital borrowed | | |
| Net increase of returned business capital | | |
| Write-back of tax received | 2,118,858.81 | 1,648,122.86 |
| Other cash received concerning operating activities | 4,142,311.10 | 4,227,599.68 |
| Subtotal of cash inflow arising from operating activities | 417,242,645.51 | 444,495,247.97 |
| Cash paid for purchasing commodities and receiving labor service | 447,735,985.99 | 486,173,980.92 |
| Net increase of customer loans and advances | | |
| Net increase of deposits in central bank and interbank | | |
| Cash paid for original insurance contract compensation | | |
| Cash paid for interest, commission charge and commission | | |
| Cash paid for bonus of guarantee slip | | |
| Cash paid to/for staff and workers | 81,033,416.92 | 75,293,801.89 |

| | | |
|---|---|---|
| Taxes paid | 25,613,995.27 | 35,291,736.98 |
| Other cash paid concerning operating activities | 44,605,188.74 | 44,882,609.74 |
| Subtotal of cash outflow arising from operating activities | 598,988,586.92 | 641,642,129.53 |
| Net cash flows arising from operating activities | -181,745,941.41 | -197,146,881.56 |
| II. Cash flows arising from investing activities: | | |
| Cash received from recovering investment | | |
| Cash received from investment income | | |
| Net cash received from disposal of fixed, intangible and other long-term assets | 175,660.00 | 0.00 |
| Net cash received from disposal of subsidiaries and other units | | |
| Other cash received concerning investing activities | 30,000,000.00 | 0.00 |
| Subtotal of cash inflow from investing activities | 30,175,660.00 | 0.00 |
| Cash paid for purchasing fixed, intangible and other long-term assets | 3,459,052.75 | 3,784,494.75 |
| Cash paid for investment | | |
| Net increase of mortgaged loans | | |
| Net cash received from subsidiaries and other units obtained | | |
| Other cash paid concerning investing activities | | |
| Subtotal of cash outflow from investing activities | 3,459,052.75 | 3,784,494.75 |
| Net cash flows arising from investing activities | 26,716,607.25 | -3,784,494.75 |
| III. Cash flows arising from financing activities | | |
| Cash received from absorbing investment | | |

| | | |
|---|---|---|
| Including: Cash received from absorbing minority shareholders' investment by subsidiaries | | |
| Cash received from loans | 196,510,000.00 | 121,500,000.00 |
| Cash received from issuing bonds | | |
| Other cash received concerning financing activities | | |
| Subtotal of cash inflow from financing activities | 196,510,000.00 | 121,500,000.00 |
| Cash paid for settling debts | 146,550,000.00 | 131,500,000.00 |
| Cash paid for dividend and profit distributing or interest paying | 4,820,351.16 | 3,411,231.47 |
| Including: Dividend and profit of minority shareholder paid by subsidiaries | | |
| Other cash paid concerning financing activities | | |
| Subtotal of cash outflow from financing activities | 151,370,351.16 | 134,911,231.47 |
| Net cash flows arising from financing activities | 45,139,648.84 | -13,411,231.47 |
| IV. Influence on cash and cash equivalents due to fluctuation in exchange rate | -92,357.05 | 0.00 |
| V. Net increase of cash and cash equivalents | -109,982,042.37 | -214,342,607.78 |
| Add: Balance of cash and cash equivalents at the period -begin | 311,331,284.54 | 484,954,713.07 |
| VI. Balance of cash and cash equivalents at the period -end | 201,349,242.17 | 270,612,105.29 |

## 6. Cash Flow Statement of Parent Company

In RMB

| Item | The Period | Last Period |
|---|---|---|
| I. Cash flows arising from operating activities: | | |
| Cash received from selling commodities and providing labor | 180,148,573.15 | 172,986,876.11 |

| | | |
|---|---|---|
| services | | |
| Write-back of tax received | 220,972.65 | 0.00 |
| Other cash received concerning operating activities | 41,176,795.62 | 2,648,238.20 |
| Subtotal of cash inflow arising from operating activities | 221,546,341.42 | 175,635,114.31 |
| Cash paid for purchasing commodities and receiving labor service | 220,729,376.07 | 209,736,198.41 |
| Cash paid to/for staff and workers | 32,774,904.01 | 30,107,926.88 |
| Taxes paid | 4,805,842.29 | 13,865,374.48 |
| Other cash paid concerning operating activities | 19,157,146.01 | 20,183,699.36 |
| Subtotal of cash outflow arising from operating activities | 277,467,268.38 | 273,893,199.13 |
| Net cash flows arising from operating activities | -55,920,926.96 | -98,258,084.82 |
| II. Cash flows arising from investing activities: | | |
| Cash received from recovering investment | | |
| Cash received from investment income | | |
| Net cash received from disposal of fixed, intangible and other long-term assets | 175,660.00 | |
| Net cash received from disposal of subsidiaries and other units | | |
| Other cash received concerning investing activities | 18,000,000.00 | |
| Subtotal of cash inflow from investing activities | 18,175,660.00 | |
| Cash paid for purchasing fixed, intangible and other long-term assets | 3,151,776.74 | 3,133,903.56 |
| Cash paid for investment | | |
| Net cash received from subsidiaries and other units | | |
| Other cash paid concerning | | |

| | | |
|---|---|---|
| investing activities | | |
| Subtotal of cash outflow from investing activities | 3,151,776.74 | 3,133,903.56 |
| Net cash flows arising from investing activities | 15,023,883.26 | -3,133,903.56 |
| III. Cash flows arising from financing activities | | |
| Cash received from absorbing investment | | |
| Cash received from loans | 142,000,000.00 | 70,000,000.00 |
| Cash received from issuing bonds | | |
| Other cash received concerning financing activities | 0.00 | 20,000,000.00 |
| Subtotal of cash inflow from financing activities | 142,000,000.00 | 90,000,000.00 |
| Cash paid for settling debts | 115,000,000.00 | 80,000,000.00 |
| Cash paid for dividend and profit distributing or interest paying | 4,756,891.11 | 2,154,277.08 |
| Other cash paid concerning financing activities | | |
| Subtotal of cash outflow from financing activities | 119,756,891.11 | 82,154,277.08 |
| Net cash flows arising from financing activities | 22,243,108.89 | 7,845,722.92 |
| IV. Influence on cash and cash equivalents due to fluctuation in exchange rate | | |
| V. Net increase of cash and cash equivalents | -18,653,934.81 | -93,546,265.46 |
| Add: Balance of cash and cash equivalents at the period -begin | 110,026,464.66 | 164,361,696.67 |
| VI. Balance of cash and cash equivalents at the period -end | 91,372,529.85 | 70,815,431.21 |

## II. Audit report

Whether the 1st quarterly report has been audited or not

□Yes √ No

The 1st quarterly report of the Company has not been audited.

Board of Directors of

Nanjing Putian Telecommunications Co., Ltd.

28 April 2018