

Nanjing Putian Telecommunications Co., Ltd.

Text of First Quarterly Report 2019

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. Wang Wenkui, Principal of the Company, Cao Xurong, person in charger of accounting works and Guan Xiaojian, 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) | 489,849,942.04 | 579,271,964.31 | -15.44% |
| Net profit attributable to shareholders of the listed company (RMB) | -36,835,612.35 | -6,411,052.72 | -474.56% |
| Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB) | -37,608,907.37 | -29,910,522.65 | -25.74% |
| Net cash flow arising from operating activities (RMB) | -196,430,725.42 | -181,745,941.41 | -8.08% |
| Basic earnings per share (RMB/Share) | -0.171 | -0.030 | -470.00% |
| Diluted earnings per share (RMB/Share) | -0.171 | -0.030 | -470.00% |
| Weighted average ROE | -10.93% | -1.84% | -9.09% |
| | 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) | 1,830,688,487.09 | 2,120,744,292.41 | -13.68% |
| Net assets attributable to shareholder of listed company (RMB) | 318,454,065.69 | 355,289,728.24 | -10.37% |

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) | -338.00 | |
| 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) | 1,541,442.00 | |
| Other non-operating income and expenditure except for the aforementioned items | -119,098.61 | |

| | | |
|--|------------|----|
| Less: impact on income tax | 2,183.31 | |
| Impact on minority shareholders' equity (post-tax) | 646,527.06 | |
| Total | 773,295.02 | -- |

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 | 8,979 | 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 | 2.70% | 5,815,277 | 0 | | |
| Shenwan Hongyuan Securities (Hong Kong) Co., LTD. | Foreign corporation | 2.46% | 5,296,500 | 0 | | |
| Zheng Enyue | Domestic nature person | 1.14% | 2,443,939 | 0 | | |
| Sun Huiming | Domestic nature person | 0.93% | 2,007,110 | 0 | | |

| Guosen Securities (H.K.) Broker Co., Ltd. | Foreign corporation | 0.88% | 1,901,882 | 0 | |
|--|--|------------------------------------|-----------|---|--|
| Gu Jinhua | Domestic nature person | 0.87% | 1,862,371 | 0 | |
| BOCI SECURITIES LIMITED | Foreign corporation | 0.68% | 1,466,945 | 0 | |
| LI SHERYN ZHAN MING | Foreign nature person | 0.51% | 1,100,000 | 0 | |
| Wang Xiaoyan | Domestic nature person | 0.51% | 1,094,400 | 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 | 5,815,277 | Domestically listed foreign shares | 5,815,277 | | |
| Shenwan Hongyuan Securities (Hong Kong) Co., LTD. | 5,296,500 | Domestically listed foreign shares | 5,296,500 | | |
| Zheng Enyue | 2,443,939 | Domestically listed foreign shares | 2,443,939 | | |
| Sun Huiming | 2,007,110 | Domestically listed foreign shares | 2,007,110 | | |
| Guosen Securities (H.K.) Broker Co., Ltd. | 1,901,882 | Domestically listed foreign shares | 1,901,882 | | |
| Gu Jinhua | 1,862,371 | Domestically listed foreign shares | 1,862,371 | | |
| BOCI SECURITIES LIMITED | 1,466,945 | Domestically listed foreign shares | 1,466,945 | | |
| LI SHERYN ZHAN MING | 1,100,000 | Domestically listed foreign shares | 1,100,000 | | |

| | | | |
|--|---|------------------------------------|-----------|
| Wang Xiaoyan | 1,094,400 | Domestically listed foreign shares | 1,094,400 |
| 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 | 2019-3-31(RMB) | 2018-12-31(RMB) | Amount of changes (RMB) | Changes ratio (%) | Reasons of great changes |
|-------------------------|--------------------|--------------------|----------------------------|----------------------|--|
| Monetary fund | 98,789,018.24 | 261,938,068.72 | -163,149,050.48 | -62.29% | Sales refund declined in the period. Purchase fund paid for raw materials increased |
| Advance payment | 55,750,988.26 | 188,848,712.69 | -133,097,724.43 | -70.48% | Received invoice for the purchase payment paid in advance previous period, which is written down the advance payment in the period |
| Other current assets | 6,662,088.67 | 13,497,540.69 | -6,835,452.02 | -50.64% | The VAT to be deducted for input tax decreased |
| Received in advance | 24,300,312.34 | 259,545,648.66 | -235,245,336.32 | -90.64% | Pars of the products are resulted a sales in the period, which is written down the receivables received in advance |
| Taxes payable | 8,089,799.22 | 17,230,159.02 | -9,140,359.80 | -53.05% | VAT payable at period-end declined |
| Non-current liabilities | 37,583,820.37 | 7,296,315.00 | 30,287,505.37 | 415.11% | Long-term account payable increased due to the after-sale rent-back financing from fixed assets |
| Retained profit | -77,562,389.15 | -40,726,776.80 | -36,835,612.35 | -90.45% | Losses in the period, and the accumulated retained profit decline |
| | Jan-Mar 2019 (RMB) | Jan-Mar 2018 (RMB) | Amount of changes (RMB) | Changes ratio (%) | Reasons of great changes |
| Other income | 2,711,267.75 | 4,150,745.06 | -1,439,477.31 | -34.68% | The government subsidy reckoned into current gain/loss declined from a year earlier |
| Investment income | -706,666.36 | -107,597.53 | -599,068.83 | -556.77% | The equity participation |

| | | | | | |
|---|-----------------|-----------------|----------------|-----------|--|
| | | | | | enterprise has an increased in deficit on a y-o-y basis |
| Asset disposal income | | -5,126,100.94 | 5,126,100.94 | 100.00% | At same period last year, parts of the houses are been levy and there is a loss from disposal of fixed assets from site relocation |
| Non business income | 520,245.99 | 31,326,075.99 | -30,805,830.00 | -98.34% | At same period last year, received a housing compensation of 30 million yuan |
| Total profit | -36,633,229.22 | -3,282,546.99 | -33,350,682.23 | -1016.00% | Affected by the less demand for procurement from telecom operators and industry customers, as well as internal industrial structure adjustment, sales scale declined from a year earlier in the period, with the soaring fixed assets costs, net profit turns to negative in the period; Loss has major growth mainly because at same period last year, received major amount of housing compensation while no such revenue occurred in the period |
| Net profit | -37,027,819.95 | -3,306,273.76 | -33,721,546.19 | -1019.93% | |
| Net profit attributable to owners of parent company | -36,835,612.35 | -6,411,052.72 | -30,424,559.63 | -474.56% | |
| | | | | | |
| Subtotal of cash inflow from investment activity | 1,219,362.97 | 30,175,660.00 | -28,956,297.03 | -95.96% | At same period last year, received major amount of housing compensation |
| Net cash flow from investment activity | -3,254,371.31 | 26,716,607.25 | -29,970,978.56 | -112.18% | At same period last year, received major amount of housing compensation |
| Net increase in cash and cash equivalents | -148,489,524.14 | -109,982,042.37 | -38,507,481.77 | -35.01% | Cash flow arising from operation activity and investment activity declined on a y-o-y basis |

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

Applicable Not applicable

Implementation progress of shares buy-back

Applicable Not applicable

Implementation progress of the reduction of repurchases shares by centralized bidding

Applicable Not applicable

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 2019

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 from controlling shareholders and its related party in the period,

**Board of Directors of
Nanjing Putian Telecommunications Co., Ltd.
30 April 2019**