

Stock Code: 200468

Short Form of the Stock: NJ TELB

Notice No.: 2019-037

Putian Telecommunications Co., Ltd.

Summary of Semi-Annual Report 2019

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
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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
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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	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	Li Jing	Xiao Hong	
Office add.	No. 1 Putian Road, Qinhuai District Nanjing, Jiangsu Province	No. 1 Putian Road, Qinhuai District Nanjing, Jiangsu Province	
Tel.	86-25-58962308	86-25-58962072	
E-mail	lijing@postel.com.cn	xiaohong@postel.com.cn	

2. Main accounting data and Changes of shareholders

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

□ Yes √ No

	Current period	Same period of last year	Increase/decrease in this report y-o-y
Operating revenue (RMB)	757,197,371.80	966,850,604.95	-21.68%
Net profit attributable to shareholders of the listed Company (RMB)	-57,528,524.88	-10,421,705.60	-452.01%
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses (RMB)	-58,860,555.61	-43,592,615.47	-35.02%
Net cash flow arising from operating activities (RMB)	-164,096,730.74	-225,275,228.93	27.16%
Basic earnings per share (RMB/Share)	-0.27	-0.05	-440.00%
Diluted earnings per share (RMB/Share)	-0.27	-0.05	-440.00%
Weighted average ROE	-17.62%	-3.02%	-14.60%
	End of current period	End of last period	Increase/decrease in this report-end over that of last period-end
Total assets (RMB)	1,820,695,784.46	2,120,744,292.41	-14.15%
Net assets attributable to shareholder of listed Company (RMB)	297,696,312.16	355,289,728.24	-16.21%

3. Number of shares and shares held

Total common shareholders at period-end		8,985	Total preference shareholders with voting rights recovered at end of reporting period (if applicable)	0		
To ten shareholders						
Shareholders	Nature of shareholder	Proportion of shares held	Number of shares held	Number of non-circulation stock held	Number of share pledged/frozen	
					State of share	Amount
China Potevio Company Limited	State-owned corporation	53.49%	115,000,000	115,000,000		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign corporation	2.70%	5,800,777	0		
Shenwan HongYuan (H.K.) Limited	Foreign corporation	2.63%	5,646,500	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		
Jin Yunhua	Domestic nature person	0.44%	950,162	0		
Xiang Yan	Domestic nature person	0.42%	910,602	0		
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.					
Shareholders involving margin business (if applicable)	N/A					

In Share

4. 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

5. Total preferred stock shareholders of the Company and shares held by top ten shareholders with preferred stock held

Applicable Not applicable

No preferred stock in reporting period.

6. Corporation Bonds

Whether the Company has a corporation bonds that issuance publicly and listed on stock exchange and without due on the date when annual report approved for released or fail to cash in full on due

No

III. Discussion and Analysis of Operation

1. Operation in the period (brief)

Does the Company need to comply with disclosure requirements of the special industry

No

During the reporting period, the Company continues to strengthen Company's operation foundation, deepen the development of rules and regulations and management improvement, strive to enhance the quality of development and core competitiveness by focus on the key works mainly in aspect of expenditure reduction, increase revenue, innovation and assessment. At first half of the year, operation revenue amounted as 757.2 million Yuan, net profit attributable to shareholder of listed company amounted as -57.53 million Yuan, the period expenses has the same as last period basically, net cash flow from operation has 61.18 million Yuan decreased in out-flow from a year earlier. Overall development of the Company shows a steady trend.

Y-o-y changes of main financial data

In RMB

	Current period	Same period of last year	Y-o-y increase/decrease	Reasons for changes
Operating revenue	757,197,371.80	966,850,604.95	-21.68%	
Operating costs	633,095,768.07	824,358,695.32	-23.20%	
Sales expenses	78,513,462.05	79,696,183.64	-1.48%	
Administration expenses	47,259,575.67	47,390,575.27	-0.28%	
Finance expenses	15,823,806.65	10,198,465.39	55.16%	The interest and expenses on financing increased on a y-o-y basis in the period
Income tax expenses	2,066,779.65	1,646,117.70	25.55%	
R & D revenue	35,909,040.49	36,398,106.80	-1.34%	
Net cash flow arising from operating activities	-164,096,730.74	-225,275,228.93	27.16%	
Net cash flow arising from investment activities	-5,724,565.30	22,505,195.83	-125.44%	The net cash collected by disposal of fixed assets, intangible assets and other long-term assets are declined from a year earlier
Net cash flow arising from financing activities	46,654,376.14	49,041,298.97	-4.87%	
Net increase of cash and cash equivalent	-123,166,919.90	-153,821,091.18	19.88%	
Investment income	-442,230.16	407,793.10	-208.44%	Profit from joint stock enterprise declined on a y-o-y basis
Assets disposal income	98,840.67	30,156,818.80	-99.67%	There is no material assets disposed in the period

Non operating income	1,312,115.17	2,825,854.15	-53.57%	The government subsidy reckoned into non-operating income in the period declined on a y-o-y basis
Operation profit	-52,902,524.60	-3,522,499.41	-1,401.85%	Decreased in the period, mainly because: 1. affected by the reduction of customer demand and fierce price competition, sales revenue decreased on a y-o-y basis, and the Company's fixed costs were relatively high in the adjustment of industrial structure; and 2. non-recurring earnings decreased from a year earlier.
Total profit	-51,829,061.47	-1,005,231.26	-5,055.93%	
Net profit	-53,895,841.12	-2,651,348.96	-1,932.77%	
Net profit attributable to the owner of the parent Company	-57,528,524.88	-10,421,705.60	-452.01%	

2. 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 fiscal period

√Applicable □ Not applicable

Changes in accounting policies

(1) Changes in accounting policies arising from changes in CASBEs

The Company prepared the financial statements for the year ended December 31, 2019 in accordance with "Notice of the Ministry of Finance on Revising and Issuing Financial Statement Templates for General Enterprises" (numbered Cai Kuai [2019] 6), its interpretations and CASBEs, and changes in accounting policies are applicable to retrospective application method. Financial statement items and amounts significantly affected of 2018 are as follows:

Original financial statement items and amounts		Revised financial statement items and amounts	
Notes receivable and accounts receivable	987,544,115.36	Notes receivable	46,475,656.01
		Accounts receivable	941,068,459.35
Notes payable and accounts payable	827,403,870.61	Notes payable	84,374,916.99
		Accounts payable	743,028,953.62
Available-for-sale financial assets	741,953.00	Other equity instrument investments	741,953.00
Less: Assets impairment loss	3,030,783.16	Add: Assets impairment loss	-3,030,783.16

2) The Company has adopted "CASBE 22 – Recognition and measurement of Financial Assets", "CASBE 23 – Transfer of Financial Assets", "CASBE 24 - Hedging" and "CASBE 37 - Presentation of Financial Instruments" (collectively, the "revised financial

instrument standard”) revised by Ministry of Finance of PRC. Pursuant to regulations on convergence between old and new standards, no adjustment shall be made on comparable information, and the difference arising from adoption on the adopting date shall be retrospectively adjusted into retained earnings or other comprehensive income at the beginning of the reporting period.

The revised financial instrument standard changes classification and measurement method of financial assets, and determines three major categories of measurement: amortized cost; fair value through other comprehensive income; fair value through profit or loss. The Company makes the above classification based on its own business model and the contractual cash flow characteristics of the financial assets. The Company measures equity investments at fair value through profit or loss, but may make an irrevocable election at initial recognition to measure them at fair value through other comprehensive income.

The revised financial instrument standard requires for a “expected credit loss model” instead of “incurred loss model”, which is applicable to financial assets at amortized cost, financial assets, contract assets, lease receivable at fair value through other comprehensive income.

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

Applicable Not applicable

According to the relevant requirements addressed by the Jiangsu Securities Regulatory Bureau in the Decision Relating to Issue of Warning Letter to Nanjing Potevio Communication Co., Ltd. on 10 July 2018, the Company made correction to the accounting errors for the financial statements for the years 2014 to 2017 under retrospective restatement method as discussed and approved at the 10th meeting of the 7th session of the board of the Company held on 13 July 2018. For details, please refer to the Announcement dated 14 July 2018 relating to correction of prior accounting errors.

(3) Particulars about the change of consolidation range compared with the financial report of last fiscal period

Applicable Not applicable

The Company had no change of consolidation range in reporting period.

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