

Nanjing Putian Telecommunications Co., Ltd.

Summary of 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	
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2. Main business or product introduction in the reporting period

The Company is a state-controlled communications equipment manufacturing Company, of which the main business is R&D, production and sales of information communication equipment. The products of the company and its subsidiaries involved optical communication networks, wireless communication networks, data applications, and industrial electrical and other fields, the main products are optical communication network connection equipment, private network communication products, multimedia communication equipment, integrated wiring and building intelligent products etc., customers include domestic telecom operators, tower companies and industry customers in the government, finance, electric power, medical, rail transit and other fields, and the products cover all provinces and cities in the country and are exported to foreign countries.

At present, the business of the company's headquarters includes optical wiring network and communication supporting overall solutions (ODN overall solution, optical network intelligent solution, energy-saving data center solution), private network etc. The optical wiring network and communication supporting overall solution are mainly used for domestic communication network construction, radio and television network transformation, high-speed rail communication construction, urban subway construction and e-commerce industry etc. The private network communication products mainly produce and process ad-hoc network communication equipment according to customer requirements for establishing small and medium-sized dedicated communication networks.

The business of main subsidiaries includes multimedia communication and application solutions, building intelligent integrated solutions, industrial intelligent power distribution systems, solar street light control systems, etc., among them, the main business of the subsidiary Nanjing Southern Telecom Co., Ltd. is to offer remote collaborative application solutions for large and medium-sized industry customers in governments, finance, medical, education and other fields, and the main products are video conferencing products. The subsidiary Nanjing Putian Telege Intelligent Building Ltd. mainly provides medium- and high-end integrated wiring and intelligent application solutions for customers. The subsidiary Nanjing Mennekes Electric Appliances Co., Ltd. provides industrial intelligent power distribution products for various industrial sites such as rail transit, airports, ports, etc. The subsidiary Nanjing Putian Datang Information Electronic Co., Ltd. mainly provides solar street lamp controllers and IOT street lamp monitoring systems. .

The company has market networks covering all parts of the country, and its main customers include domestic telecom operators and customers in various industries. The company mainly obtains business opportunities by participating in project bidding, designs schemes according to the project requirements, produces or purchases the equipment required by the customer, and takes responsible for the installation and debugging, and realizes the profit after deducting the cost from the contract price. The company's operating results are mainly affected by factors such as capital expenditures, informatization investment and bidding results, fluctuations in raw material prices and changes in other costs of telecom operators and industry customers.

During the reporting period, the situation at home and aboard was complex and severe, the downward pressure on domestic economy increased. In terms of industry environment, 4G construction has been basically completed, operator capital investment has slowed, competition in the communications equipment industry has intensified,

and the company's operating pressure has further increased. On the other hand, the promotion of industrial policies such as 5G construction, smart grid construction, and domestic informatization in the telecom industry has also brought new development opportunities to the company. As a state-owned communications equipment manufacturing company, the company will continue to strengthen its technological innovation capabilities, increase the cultivation and development of independent products, and further enhance its market competitiveness by relying on the established brand strength and influence in the industry market.

In 2019, the company became a member unit of the Jiangsu Information Technology Application Innovation Industry Alliance, and joined the Information Technology Application Innovation Working Committee of the China Electronics Standardization Association, and became a member unit of the Information Technology Application Innovation Working Committee, which helped the company to improve the technical research, product adaptation, and industrial collaboration capabilities of basic hardware products, and provided users with safer and more reliable products and solutions. At the same time, the company has obtained first-level dealer qualification of Huawei's intelligent security systems (machine vision), and expanded the channel scale for the further development.

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

Yes No

In RMB/CNY

	2019	2018	Changes (+,-) compared with the previous year	2017
Operating revenue (RMB)	1,338,284,194.21	1,995,627,772.60	-32.94%	2,254,399,406.04
Net profit attributable to shareholders of the listed Company (RMB)	-169,088,516.69	5,859,214.84	-2,985.86%	8,982,857.76
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses (RMB)	-171,904,933.41	-21,461,955.87	-700.98%	6,254,448.62
Net cash flow arising from operating activities (RMB)	22,686,114.91	-155,418,733.83	114.60%	-47,220,769.58
Basic earnings per share (RMB/Share)	-0.79	0.03	-2,733.33%	0.04
Diluted earnings per share (RMB/Share)	-0.79	0.03	-2,733.33%	0.04
Weighted average ROE	-66.55%	1.66%	-68.21%	2.60%

	Year-end of 2019	Year-end of 2018	Changes (+,-) compared with the year-end of previous year	Year-end of 2017
Total assets (RMB)	1,652,005,519.44	2,120,744,292.41	-22.10%	2,114,332,229.50
Net assets attributable to shareholder of listed Company (RMB)	169,543,106.29	355,289,728.24	-52.28%	350,248,482.53

(2) Quarterly main accounting data

In RMB/CNY

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating revenue	489,849,942.04	267,347,429.76	277,519,139.93	303,567,682.48
Net profit attributable to shareholders of the listed Company	-36,835,612.35	-20,692,912.53	-16,033,203.08	-95,526,788.73
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses	-37,608,907.37	-21,251,648.24	-17,529,611.58	-95,514,766.22
Net cash flow arising from operating activities	-196,430,725.42	32,333,994.68	-10,104,059.42	196,886,905.07

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. Share capital 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	8,918	Total common stock shareholders at end of last month before annual report disclosed	8,861	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							

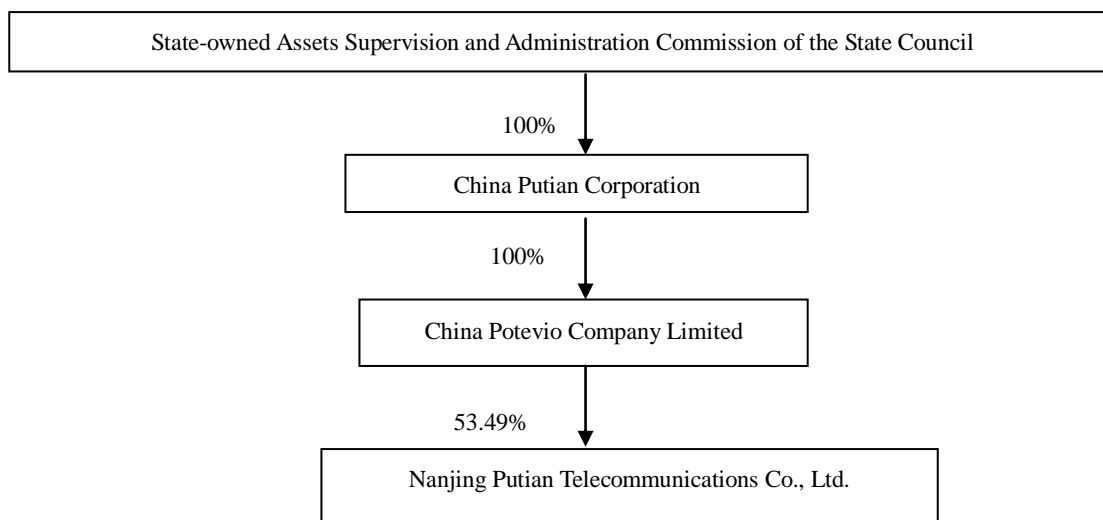
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Amount of shares held	Amount of restricted shares held	Number of shares pledged/frozen	
					State of share	Amount
China Potevio Company Limited	State-owned corporation	53.49%	115,000,000	115,000,000		
Shenwan HongYuan (H.K.) Limited	Foreign corporation	2.63%	5,646,500	0		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign corporation	2.55%	5,480,114	0		
Zheng Enyue	Domestic nature person	1.14%	2,449,739	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%	1,871,371	0		
BOCI SECURITIES LIMITED	Foreign corporation	0.68%	1,466,945	0		
Xiang Yan	Domestic nature person	0.42%	910,602	0		
Zhen Hongquan	Domestic nature person	0.39%	849,200	0		
Explanation on associated relationship or concerted action 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.					
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:



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

III. Discussion and Analysis of Operation

1. Operation in reporting period

During the reporting period, the situation at home and abroad was complicated and severe, Sino-US trade frictions continued, the downward pressure on domestic economy increased, the industry in which the company was located was fiercely competitive, and the company faced great operating pressure and difficulties. The company focused on the four key aspects of opening up sources, reducing expenditures, innovation, and assessment, continuously improved the company's development quality, strive to strengthen the company's business foundation, and spared no efforts in "compensating for shortcomings, strengthening the weaknesses" through resource focus and optimized allocation, improved the basic situation of the company's development and promoted the company's healthy operation. Affected by macroeconomic situation and investment condition in the communication equipment industry, the further adjustment to the industrial structure and site relocation, in 2019, the company achieved operating income of 1.338 billion yuan, a year-on-year decrease of 32.94%, and the net profit attributable to shareholders of listed companies was -169,088,500 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/CNY

Products	Operating revenue	Operating profit	Gross profit ratio	Increase/decrease of operating revenue y-o-y	Increase/decrease of operating profit y-o-y	Increase/decrease of gross profit ratio y-o-y
Main business revenue-Video conference products	365,004,501.66	77,940,838.99	21.35%	-16.68%	-11.45%	1.26%
Main business revenue-General cabling products	359,232,741.86	91,639,901.59	25.51%	9.05%	18.11%	1.96%
Main business revenue-Low-voltage distribution products	125,526,053.59	25,402,799.58	20.24%	-21.52%	-16.04%	1.32%
Main business revenue-Private network communication products	186,594,827.60	3,115,220.35	1.67%	-43.45%	-60.76%	-0.74%
Main business revenue-Wiring and other products	316,048,396.10	49,175,461.55	15.56%	-57.40%	-61.59%	-1.70%
Interior offset	-35,711,960.47	-1,077,281.57	3.02%	50.37%	-251.78%	4.01%
Other business revenue	21,589,633.87	4,312,887.06	19.98%	-68.42%	-78.42%	-9.26%

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

	2019	2018	Increase/decrease y-o-y (RMB)	Increase/decrease y-o-y (%)
Operating revenue	1,338,284,194.21	1,995,627,772.60	-657,343,578.39	-32.94%
Operating cost	1,087,774,366.66	1,643,115,522.38	-555,341,155.72	-33.80%
Net profit attributable to shareholders of the listing corporation	-169,088,516.69	5,859,214.84	-174,947,731.53	-2985.86%

In 2019, the company achieved operating income of 1.338 billion yuan, a year-on-year decrease of 32.94%, and the net profit attributable to shareholders of listed companies was -169,088,500 yuan. The main reasons for the decline in revenue and negative net profit during the reporting period were that the company further adjusted its industrial structure, contracted old industries, and cultivated new industries, at the same time, due to the impact of

the macroeconomic situation and investment in the communications equipment industry, its operating performance declined; the company carried out site relocation for further resource integration during the reporting period, the current business development was affected to a certain extent, and the operation and management costs increased. The extraordinary gains/losses of the Company for 2018 was 27.32 million yuan and there was no extraordinary gains/losses with major amount occurred in the year; according to relevant regulation of the accounting standards, the assets impairment provision accrual in the period was 7,3035,900 yuan.

6. Particular about suspended and delisting

Applicable Not applicable

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

In reporting period, according to requirement of the relevant accounting standards, accounting policy has been changed by the Company.

1. In accordance with the *Notice of Ministry of Finance on Revising and Issuing the Format of General Enterprise Financial Statement for 2019* (CK [2019] No.6), *Notice of Ministry of Finance on Revising and Issuing the Format of Consolidated Financial Statement for 2019* (CK [2019] No.16) and interpretation for the Notice, the Company prepared the financial statement of 2019 in line with the requirement of Accounting Standards,

2. The Company implemented the Accounting Standards for Business Enterprise No.22- Recognition and Measurement of Financial Instrument, Accounting Standards for Business Enterprise No.23- Transfer of Financial Assets, Accounting Standards for Business Enterprise No.24- Hedging and Accounting Standards for Business Enterprise No.37-Presentation of Financial Instrument that revised by Ministry of Finance since 1 Jan. 2019.

3. The Company implemented the revised Accounting Standards for Business Enterprise No.7- Non-monetary Assets Exchange since 10 June 2019 and the revised Accounting Standards for Business Enterprise No.12- Debt restructuring since 17 June 2019.

For details, please refer to section XII Financial Report - Significant accounting policies and estimates -27 changes of important accounting policies and accounting estimates in the full text of the annual report. (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.
28 April 2020