

# **Nanjing Putian Telecommunications Co., Ltd.**

## **2018 Third Quarterly Report**

**October 2018**

## **Section I. Important Note**

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

**All the directors are present the meeting of the Board for deliberating the Third Quarter Report of the Company in person.**

**Li Linzhen, person in charge of the Company, head of the accounting works Cao Xurong and Gao Wen, accounting body principals (accountant in charge) hereby confirms that the Financial Report of the Third Quarterly Report is authentic, accurate and complete.**

## Section II. Basic information of Company

### I. Main accounting data and index

Whether it has retroactive adjustment or re-statement on previous accounting data or not

Yes  No

Reasons of retroactive adjustment or re-statement

Accounting errors correction

	Current period-end	Period-end of last year		Increase/decrease
		Before the adjustment	After the adjustment	After the adjustment
Total assets (RMB)	1,990,465,215.00	2,116,312,318.51	2,114,332,229.50	-5.86%
Net assets attributable to shareholders of listed company (RMB)	331,883,784.26	352,228,571.54	350,248,482.53	-5.24%
	Current period	Increase/decrease in comparison with same period of last year	From year-begin to end of the Period	Increase/decrease in comparison with year-begin to Period-end of last year
Operating revenue (RMB)	445,518,808.43	-14.50%	1,412,369,413.38	-7.90%
Net profit attributable to shareholders of the listed company (RMB)	-7,943,829.27	-163.15%	-18,365,534.87	-2,648.81%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	-35,974,784.31	-439.16%	-46,396,489.91	-1,161.91%
Net cash flow arising from operating activities (RMB)	--	--	-251,675,588.51	-28.05%
Basic earnings per share (RMB/Share)	-0.037	-162.71%	-0.085	-2,733.33%
Diluted earnings per share (RMB/Share)	-0.037	-162.71%	-0.085	-2,733.33%
Weighted average ROE	-2.37%	-6.15%	-5.38%	-5.19%

Reasons of accounting policy change and accounting error correction

Note: being deliberated and approved by 10<sup>th</sup> session of 7<sup>th</sup> BOD held on 13 July 2018, the Annual Report 2017 and Financial Report of 3Q for 2017 have been corrected in accounting error (found more in the Notice of Correction for Earlier Accounting Errors released on 14 July 2018)

Items and amount of extraordinary profit (gains)/losses

√Applicable    □Not applicable

In RMB

Item	Amount from year-begin to end of the Period	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	28,399,924.88	
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)	5,900,010.07	
Gains/losses of debt restructuring	225,371.60	
Other non-operating income and expenditure except for the aforementioned items	-192,891.95	
Less: impact on income tax	221,737.32	
Impact on minority shareholders' equity (post-tax)	6,079,722.24	
Total	28,030,955.04	--

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. Statement of the total shareholders and shares-held of top ten shareholders at end of the Period

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

In Share

Total number of common shareholders at the end of report period	8,661	Total preference shareholders with voting rights recovered at end of reporting period (if applicable)	0			
Top ten shareholders						
Shareholders	Nature of shareholder	Proportion of shares held	Amount of shares held	Amount of non-tradable shares held	Number of share pledged/frozen	
					State of share	Amount
China Potevio	State-owned	53.49%	115,000,000	115,000,000		

Company Limited	corporate					
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Overseas corporate	3.31%	7,114,027	0		
Shenwan Hongyuan Securities (Hong Kong) co., LTD	Overseas corporate	2.41%	5,186,500	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 (HK) Brokerage Company Limited	Overseas corporate	0.87%	1,861,882	0		
Gu Jinhua	Domestic nature person	0.83%	1,783,771	0		
BOCI SECURITIES LIMITED	Overseas corporate	0.80%	1,716,945	0		
Wang Xiaoyan	Domestic nature person	0.60%	1,296,887	0		
LI SHERYN ZHAN MING	Overseas nature person	0.53%	1,145,100	0		
Particular about top ten shareholders with tradable shares held						
Shareholders	Amount of tradable shares held	Type of shares				
		Type	Amount			
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	7,114,027	Domestically listed foreign shares	7,114,027			
Shenwan Hongyuan Securities (Hong Kong) co., LTD	5,186,500	Domestically listed foreign shares	5,186,500			
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 (HK) Brokerage Company Limited	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
Wang Xiaoyan	1,296,887	Domestically listed foreign shares	1,296,887
LI SHERYN ZHAN MING	1,145,100	Domestically listed foreign shares	1,145,100
Jin Yunhua	950,162	Domestically listed foreign shares	950,162
Explanation on associated relationship among the top ten shareholders or consistent action	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 about top ten common shareholders (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

Top ten common shareholders or top ten common shareholders with un-restrict shares not held have a buy-back agreement dealing in reporting period

## 2. Total of shareholders with preferred stock held and the top ten shareholdings

Applicable  Not applicable

## Section III. Important events

### I. Particular about major changes from items of main accounting statements and financial indexes as well as reasons

√ Applicable   □ Not applicable

Items	2018-9-30 (RMB)	2017-12-31 (RMB)	Changed amount (RMB)	+,- (%)	Main reasons for major changes
Monetary fund	153,091,055.74	327,477,701.36	-174,386,645.62	-53.25%	Sale capital return declined in the period
Account paid in advance	267,127,123.43	53,821,937.79	213,305,185.64	396.32%	Paying the goods with note in the period
Other receivables	39,077,565.92	29,325,423.73	9,752,142.19	33.25%	Receivable suspense debits increased
Stock	259,822,219.91	489,898,057.36	-230,075,837.45	-46.96%	Parts of the stock send out goods in the period with sales resulted
Other current assets	7,387,134.97	45,282,892.44	-37,895,757.47	-83.69%	Products are sale in the period, taxes deductible
Construction in progress	7,145,662.62	2,163,267.89	4,982,394.73	230.32%	Factory construction and re-construction in the period
Taxes Payable	9,538,970.12	18,883,017.18	-9,344,047.06	-49.48%	Taxes for the year declined
Deferred income	3,996,315.00	8,664,102.90	-4,667,787.90	-53.88%	Part of the government subsidy used for distribute resettlement personnel are used in the period, which has originally reconed into deferred income
Undistributed profit	-64,951,526.51	-46,585,991.64	-18,365,534.87	-39.42%	Net profit of the Company loss (18.37) million Yuan in the period
Items	From Jan. to Sept. of 2018	From Jan. to Sept. of 2017	Changed amount (RMB)	+,- (%)	Main reasons for major changes
Other income	7,303,121.76	4,414,191.87	2,888,929.89	65.45%	The government subsidy with daily operation activity concerned recognized in the period increased from a year earlier
Investment income	333,659.41	-849,185.37	1,182,844.78	139.29%	Profit from share-participated enterprise increased on a y-o-y basis

Assets disposal income	28,492,927.93	0.00	28,492,927.93		Received expropriation compensation for part of the house of the Company and subsidiary Bada Communication are levied by the government in the period
Operating profit	-8,592,622.57	14,676,548.93	-23,269,171.50	-158.55%	1. Affected by centralized purchasing of operators, the industry comes more and more fierce, revenue from product sales are declined, the gross profit decreased as well; meanwhile, part of the operational entities have influence on operation for business site removal and relocation; 2. in reporting period, periodic expenses goes up from a year earlier mainly because the Company in stranded condition and reducing the body, internal industrial structure are adjustment and more investment on R&D
Total profit	-4,969,717.67	18,268,473.68	-23,238,191.35	-127.20%	
Net profit	-6,802,722.33	12,066,927.76	-18,869,650.09	-156.37%	
Net profit attributable to owners' of parent company	-18,365,534.87	-668,127.00	-17,697,407.87	-2648.81%	
Income tax expense	1,833,004.66	6,201,545.92	-4,368,541.26	-70.44%	Profit from subsidiary has declined on a y-o-y basis in the period
Subtotal cash inflow from investment activities	35,621,425.52	444,774.40	35,176,651.12	7908.87%	Received expropriation compensation by the Company and subsidiary Bada Communication in the period
Net cash flow arising from investment activities	24,138,218.08	-8,474,958.17	32,613,176.25	384.82%	Net cash flow from investment activity increased from a year earlier for received expropriation compensation by the Company and subsidiary Bada Communication in the period
Net cash flow arising from financing activities	-2,745,163.86	-113,109,354.78	110,364,190.92	97.57%	Bank loans in the period increased on a y-o-y basis

## II. Progress and influence of the main events as well as solution analysis specification

√Applicable   □ Not applicable



Approved by Shenzhen Stock Exchange, the Company return to the market since 15 August 2018, short name of the stock turns to “NJ TEL B” from ST NT B. More details see the reports.

Overview	Date for disclosure	Information index for temporary report disclosure
Stock Resumption Listing Approved by Shenzhen Stock Exchange	2018-08-01	Juchao Website (www.cninfo.com.cn)
Announcement of Resumption of Listing	2018-08-07	Juchao Website (www.cninfo.com.cn)

### **III. Commitments that the company, shareholders, actual controller, offeror, directors, supervisors, senior management or other related parties have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period**

Applicable  Not applicable

There are no commitments that the company, shareholders, actual controller, offeror, directors, supervisors, senior management or other related parties have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period.

### **IV. Estimation of operation performance for year 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. Particular about security investment**

Applicable  Not applicable

The Company had no security investment in Period.

### **VI. Trust financing**

Applicable  Not applicable

The Company had no trust financing in Period.

### **VII. Particulars about derivatives investment**

Applicable  Not applicable

The Company had no derivatives investment in Period.

### **VIII. 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.

## **IX. Guarantee outside against the regulation**

Applicable Not applicable

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

## **X. 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.

## Section IV. Financial Statement

### I. Financial statement

#### 1. Consolidated Balance Sheet

Prepared by Nanjing Putian Telecommunications Co., Ltd.

2018-09-30

In RMB

Item	Balance at period-end	Balance at period-begin
Current assets:		
Monetary funds	153,091,055.74	327,477,701.36
Settlement provisions		
Capital lent		
Financial assets measured by fair value and with variation reckoned into current gains/losses		
Derivative financial assets		
Notes receivable and accounts receivable	913,874,954.44	812,567,071.00
Including: Notes receivable	22,211,707.27	32,477,463.59
Accounts receivable	891,663,247.17	780,089,607.41
Accounts paid in advance	267,127,123.43	53,821,937.79
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other receivables	39,077,565.92	29,325,423.73
Purchase restituted finance asset		
Inventories	259,822,219.91	489,898,057.36
Assets held for sale		
Non-current asset due within one year		
Other current assets	7,387,134.97	45,282,892.44
Total current assets	1,640,380,054.41	1,758,373,083.68
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	187,113,598.44	186,977,506.23
Investment property	12,304,182.60	12,802,485.28
Fixed assets	109,715,522.72	119,741,921.78
Construction in progress	7,145,662.62	2,163,267.89
Productive biological asset		
Oil and gas asset		
Intangible assets	30,160,965.49	30,736,816.88
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	2,903,275.72	2,795,194.76
Deferred income tax asset		
Other non-current asset		
Total non-current asset	350,085,160.59	355,959,145.82
Total assets	1,990,465,215.00	2,114,332,229.50
Current liabilities:		
Short-term loans	408,510,000.00	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 and accounts payable	799,677,377.33	826,833,861.31
Accounts received in advance	238,048,193.47	317,197,824.66
Selling financial asset of repurchase		
Commission charge and commission payable		
Wage payable	20,456,511.60	21,033,311.73
Taxes payable	9,538,970.12	18,883,017.18
Other accounts payable	51,920,631.17	63,027,802.63
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	1,528,151,683.69	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		
Projected liabilities		
Deferred income	3,996,315.00	8,664,102.90
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	3,996,315.00	8,664,102.90
Total liabilities	1,532,147,998.69	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	-64,951,526.51	-46,585,991.64
Total owner's equity attributable to parent company	331,883,784.26	350,248,482.53
Minority interests	126,433,432.05	120,893,826.56

Total owner's equity	458,317,216.31	471,142,309.09
Total liabilities and owner's equity	1,990,465,215.00	2,114,332,229.50

Legal representative: Li Linzhen

Person in charge of accounting works: Cao Xurong

Person in charge of accounting organ: Gao Wen

## 2. Balance Sheet of Parent Company

In RMB

Item	Balance at period-end	Balance at period-begin
Current assets:		
Monetary funds	87,333,751.00	124,709,891.97
Financial assets measured by fair value and with variation reckoned into current gains/losses		
Derivative financial assets		
Notes receivable and accounts receivable	481,676,828.23	434,748,479.96
Including: Notes receivable	6,889,901.65	9,184,642.99
Accounts receivable	474,786,926.58	425,563,836.97
Account paid in advance	219,482,783.84	22,368,455.10
Other receivables	27,585,199.25	41,195,020.22
Inventories	102,554,068.76	349,450,010.57
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	0.00	38,624,058.06
Total current assets	918,632,631.08	1,011,095,915.88
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	355,950,247.64	355,814,155.43
Investment property		
Fixed assets	51,111,967.96	56,349,626.12

Construction in progress	4,196,787.88	1,830,131.25
Productive biological assets		
Oil and natural gas assets		
Intangible assets	12,508,008.92	12,676,942.23
Research and development costs		
Goodwill		
Long-term deferred expenses	2,757,317.72	2,580,098.76
Deferred income tax assets		
Other non-current assets		
Total non-current assets	427,266,283.12	429,992,906.79
Total assets	1,345,898,914.20	1,441,088,822.67
Current liabilities:		
Short-term borrowings	302,000,000.00	309,000,000.00
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes payable and accounts payable	397,944,386.11	406,799,442.90
Accounts received in advance	220,599,079.05	290,793,176.69
Wage payable	8,883,960.41	7,816,724.35
Taxes payable	3,878,491.92	4,595,540.32
Other accounts payable	234,581,546.96	214,064,398.45
Liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	1,167,887,464.45	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		
Projected liabilities		

Deferred income		1,770,926.90
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	0.00	1,770,926.90
Total liabilities	1,167,887,464.45	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	-209,995,409.82	-181,758,246.51
Total owner's equity	178,011,449.75	206,248,613.06
Total liabilities and owner's equity	1,345,898,914.20	1,441,088,822.67

### 3. Consolidated Profit Statement (the period)

In RMB

Item	Current Period	Last Period
I. Total operating income	445,518,808.43	521,084,332.49
Including: Operating income	445,518,808.43	521,084,332.49
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	450,354,684.93	500,583,785.26
Including: Operating cost	365,244,189.15	426,752,215.51
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	1,932,774.55	3,169,545.11
Sales expenses	37,646,375.59	33,270,810.11
Administration expenses	20,948,595.48	20,053,064.89
R&D expenses	18,962,492.62	14,316,877.83
Financial expenses	6,276,481.43	4,509,405.60
Including: Interest expenses	6,654,462.22	4,838,194.19
Interest income	405,484.76	357,150.68
Losses of devaluation of asset	-656,223.89	-1,488,133.79
Add: other income	1,503,777.90	1,629,382.27
Investment income (Loss is listed with "-")	-74,133.69	-231,092.32
Including: Investment income on affiliated company and joint venture	-74,133.69	-231,092.32
Changing income of fair value(Loss is listed with "-")		
Exchange income (Loss is listed with "-")		
Income from assets disposal (Loss is listed with "-")	-1,663,890.87	663,364.82
III. Operating profit (Loss is listed with "-")	-5,070,123.16	22,562,202.00
Add: Non-operating income	1,149,732.72	1,691,897.74
Less: Non-operating expense	44,095.97	603,260.70
IV. Total Profit (Loss is listed with "-")	-3,964,486.41	23,650,839.04
Less: Income tax expense	186,886.96	2,998,134.08
V. Net profit (Net loss is listed with "-")	-4,151,373.37	20,652,704.96
(i) net profit from continuous operation (Net loss is listed with "-")	-4,151,373.37	20,652,704.96
(ii) net profit from discontinued operation (Net loss is listed with "-")		

Net profit attributable to owner's of parent company	-7,943,829.27	12,578,596.63
Minority shareholders' gains and losses	3,792,455.90	8,074,108.33
VI. Net after-tax of other comprehensive income	136,536.55	164,503.71
Net after-tax of other comprehensive income attributable to owners of parent company	122,975.85	148,053.34
(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	122,975.85	148,053.34
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	122,975.85	148,053.34

6. Other		
Net after-tax of other comprehensive income attributable to minority shareholders	13,560.70	16,450.37
VII. Total comprehensive income	-4,014,836.82	20,817,208.67
Total comprehensive income attributable to owners of parent Company	-7,820,946.37	12,726,649.97
Total comprehensive income attributable to minority shareholders	3,806,109.55	8,090,558.70
VIII. Earnings per share:		
(i) Basic earnings per share	-0.037	0.059
(ii) Diluted earnings per share	-0.037	0.059

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 charge of accounting works: Cao Xurong

Person in charge of accounting organ: Gao Wen

#### 4. Profit Statement of Parent Company (the period)

In RMB

Item	Current Period	Last Period
I. Operating income	212,300,710.49	147,699,663.42
Less: Operating cost	185,380,547.20	121,623,634.06
Operating tax and extras	1,218,648.39	1,585,716.39
Sales expenses	15,127,198.27	14,248,749.40
Administration expenses	9,686,875.92	8,362,787.43
R&D expenses	5,107,630.12	4,907,200.42
Financial expenses	5,692,165.34	4,794,328.50
Including: Interest expenses	5,799,507.17	4,891,808.22
Interest income	163,300.52	75,400.05
Losses of devaluation of asset		-1,126,896.29
Add: other income		
Investment income (Loss is	4,902,566.31	4,382,736.34

listed with “-”)		
Including: Investment income on affiliated company and joint venture	-74,133.69	-193,963.66
Changing income of fair value(Loss is listed with “-”)		
Income from assets disposal (Loss is listed with “-”)	-1,594,623.47	
II. Operating profit (Loss is listed with “-”)	-6,604,411.91	-2,313,120.15
Add: Non-operating income	226,247.94	1,204,073.78
Less: Non-operating expense	4,298.87	-12,419.93
III. Total Profit (Loss is listed with “-”)	-6,382,462.84	-1,096,626.44
Less: Income tax expense		
IV. Net profit (Net loss is listed with “-”)	-6,382,462.84	-1,096,626.44
(i) net profit from continuous operation (Net loss is listed with “-”)	-6,382,462.84	-1,096,626.44
(ii) net profit from discontinued operation (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	-6,382,462.84	-1,096,626.44
VII. Earnings per share:		
(i) Basic earnings per share	-0.030	-0.005
(ii) Diluted earnings per share	-0.030	-0.005

## 5. Consolidated Profit Statement (form the year-begin to the period-end)

In RMB

Item	Current Period	Last Period
I. Total operating income	1,412,369,413.38	1,533,480,739.88
Including: Operating income	1,412,369,413.38	1,533,480,739.88
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	1,457,091,745.05	1,522,369,197.45
Including: Operating cost	1,189,602,884.47	1,281,348,705.69
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	7,597,025.09	7,896,987.72
Sales expenses	117,342,559.23	112,601,920.25
Administration expenses	68,339,170.75	59,420,494.19
R&D expenses	55,360,599.42	47,909,614.25
Financial expenses	16,474,946.82	13,210,994.42
Including: Interest expenses	18,280,015.84	14,509,237.38
Interest income	2,097,501.83	1,592,558.78
Losses of devaluation of asset	2,374,559.27	-19,519.07
Add: other income	7,303,121.76	4,414,191.87
Investment income (Loss is listed with “-”)	333,659.41	-849,185.37
Including: Investment income on affiliated company and joint venture	333,659.41	-849,185.37
Changing income of fair value(Loss is listed with “-”)		
Exchange income (Loss is listed with “-”)		
Income from assets disposal (Loss is listed with “-”)	28,492,927.93	
III. Operating profit (Loss is listed with “-”)	-8,592,622.57	14,676,548.93
Add: Non-operating income	3,975,586.87	4,431,708.67
Less: Non-operating expense	352,681.97	839,783.92
IV. Total Profit (Loss is listed with “-”)	-4,969,717.67	18,268,473.68
Less: Income tax expense	1,833,004.66	6,201,545.92
V. Net profit (Net loss is listed with “-”)	-6,802,722.33	12,066,927.76
(i) net profit from continuous operation (Net loss is listed with “-”)	-6,802,722.33	12,066,927.76
(ii) net profit from discontinued operation (Net loss		

is listed with “-”)		
Net profit attributable to owner’s of parent company	-18,365,534.87	-668,127.00
Minority shareholders’ gains and losses	11,562,812.54	12,735,054.76
VI. Net after-tax of other comprehensive income	929.55	
Net after-tax of other comprehensive income attributable to owners of parent company	929.55	
(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	929.55	
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	929.55	

currency financial statements		
6. Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	-6,801,792.78	12,066,927.76
Total comprehensive income attributable to owners of parent Company	-18,364,698.27	-668,127.00
Total comprehensive income attributable to minority shareholders	11,562,905.49	12,735,054.76
VIII. Earnings per share:		
(i) Basic earnings per share	-0.085	-0.003
(ii) Diluted earnings per share	-0.085	-0.003

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.

## 6. Profit Statement of Parent Company (form the year-begin to the period-end)

In RMB

Item	Current Period	Last Period
I. Operating income	710,107,677.73	639,969,808.89
Less: Operating cost	646,396,562.59	561,719,455.31
Operating tax and extras	3,407,052.75	3,539,704.52
Sales expenses	48,750,963.33	47,403,034.52
Administration expenses	32,374,205.31	27,726,889.98
R&D expenses	15,267,815.70	14,829,530.94
Financial expenses	15,980,393.39	13,297,736.50
Including: Interest expenses	16,156,553.75	13,885,696.29
Interest income	304,706.64	736,768.76
Losses of devaluation of asset	1,674,589.82	439,251.19
Add: other income	876,429.06	44,991.45
Investment income (Loss is listed with “-”)	5,310,359.41	3,727,514.63
Including: Investment income on affiliated company and joint venture	333,659.41	-849,185.37
Changing income of fair value(Loss is listed with “-”)		



Income from assets disposal (Loss is listed with “-”)	17,314,391.94	
II. Operating profit (Loss is listed with “-”)	-30,242,724.75	-25,213,287.99
Add: Non-operating income	2,220,793.77	1,964,184.13
Less: Non-operating expense	215,232.33	203,730.26
III. Total Profit (Loss is listed with “-”)	-28,237,163.31	-23,452,834.12
Less: Income tax expense		
IV. Net profit (Net loss is listed with “-”)	-28,237,163.31	-23,452,834.12
(i) net profit from continuous operation (Net loss is listed with “-”)	-28,237,163.31	-23,452,834.12
(ii) net profit from discontinued operation (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	-28,237,163.31	-23,452,834.12
VII. Earnings per share:		
(i) Basic earnings per share	-0.131	-0.109
(ii) Diluted earnings per share	-0.131	-0.109

## 7. Consolidated Cash Flow Statement (form the year-begin to the period-end)

In RMB

Item	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	1,286,615,100.29	1,711,680,651.61
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	4,289,615.88	3,876,858.51
Other cash received concerning operating activities	27,943,664.20	20,538,311.60
Subtotal of cash inflow arising from operating activities	1,318,848,380.37	1,736,095,821.72
Cash paid for purchasing commodities and receiving labor service	1,178,397,147.73	1,557,193,269.77
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	185,026,140.83	181,816,718.96
Taxes paid	63,321,561.08	76,354,353.74
Other cash paid concerning operating activities	143,779,119.24	117,269,179.90
Subtotal of cash outflow arising from operating activities	1,570,523,968.88	1,932,633,522.37
Net cash flows arising from operating activities	-251,675,588.51	-196,537,700.65
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income	197,567.20	444,774.40

Net cash received from disposal of fixed, intangible and other long-term assets	35,423,858.32	0.00
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	35,621,425.52	444,774.40
Cash paid for purchasing fixed, intangible and other long-term assets	11,483,207.44	8,919,732.57
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	11,483,207.44	8,919,732.57
Net cash flows arising from investing activities	24,138,218.08	-8,474,958.17
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	406,510,000.00	395,500,000.00
Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	406,510,000.00	395,500,000.00
Cash paid for settling debts	385,550,000.00	488,500,000.00
Cash paid for dividend and profit distributing or interest paying	23,705,163.86	20,109,354.78
Including: Dividend and profit of	5,623,300.00	6,473,300.00

minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	409,255,163.86	508,609,354.78
Net cash flows arising from financing activities	-2,745,163.86	-113,109,354.78
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-92,357.05	-23,235.89
V. Net increase of cash and cash equivalents	-230,374,891.34	-318,145,249.49
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	80,956,393.20	166,809,463.58

### 8. Cash Flow Statement of Parent Company (form the year-begin to the period-end)

In RMB

Item	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	474,185,803.43	756,604,939.02
Write-back of tax received	226,972.07	2,342.16
Other cash received concerning operating activities	115,782,784.40	126,090,356.94
Subtotal of cash inflow arising from operating activities	590,195,559.90	882,697,638.12
Cash paid for purchasing commodities and receiving labor service	509,750,001.16	775,674,194.42
Cash paid to/for staff and workers	76,138,859.61	73,191,248.75
Taxes paid	17,207,064.21	25,433,681.00
Other cash paid concerning operating activities	73,192,989.93	60,591,753.66

Subtotal of cash outflow arising from operating activities	676,288,914.91	934,890,877.83
Net cash flows arising from operating activities	-86,093,355.01	-52,193,239.71
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income	197,567.20	39,244,774.40
Net cash received from disposal of fixed, intangible and other long-term assets	21,892,918.00	0.00
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	22,090,485.20	39,244,774.40
Cash paid for purchasing fixed, intangible and other long-term assets	7,474,536.72	6,510,594.72
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	7,474,536.72	6,510,594.72
Net cash flows arising from investing activities	14,615,948.48	32,734,179.68
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	312,000,000.00	309,000,000.00
Cash received from issuing bonds		
Other cash received concerning financing activities		

Subtotal of cash inflow from financing activities	312,000,000.00	309,000,000.00
Cash paid for settling debts	319,000,000.00	372,000,000.00
Cash paid for dividend and profit distributing or interest paying	14,749,795.66	10,736,760.60
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	333,749,795.66	382,736,760.60
Net cash flows arising from financing activities	-21,749,795.66	-73,736,760.60
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	0.00	-100,956.62
V. Net increase of cash and cash equivalents	-93,227,202.19	-93,296,777.25
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	16,799,262.47	71,064,919.42

## II. Audit report

Whether the 3<sup>rd</sup> quarterly report has been audited or not

Yes  No

The 3<sup>rd</sup> quarterly report of the Company has not been audited.

Board of Directors of

Nanjing Putian Telecommunications Co., Ltd.

31 October 2018