

Tunghsu Optoelectronic Technology Co., Ltd.

2017 Annual Report

April 2018

I. Important Notice, Table of Contents and Definitions

The Board of Directors ,Supervisory Committee, all directors, supervisors and senior executives of the Company hereby guarantees that there are no misstatement, misleading representation or important omissions in this report and shall assume joint and several liability for the authenticity, accuracy and completeness of the contents hereof.

Mr.Li Zhaoting, The Company leader, Mr.Huang Jinliang, Chief financial officer and the Mr.Gao Feipeng, the person in charge of the accounting department (the person in charge of the accounting)hereby confirm the authenticity and completeness of the financial report enclosed in this annual report.

All the directors attended the board meeting for reviewing the Annual Report.

The development strategy, operation plan and other forward-looking statements involved in this report will not constitute any substantive commitment to the investors by the Company. Investors please be aware of the investment risks.

The company has already described the risk items existed in details in the report with reference to (IV) possible risks of IX Operation Conditions Discussion and Analysis.

The profit distribution proposal reviewed and approved by the boarding meeting was summarized as follows: total share of 5,730,250,118 for Base on the Company's total share capital as at December 31,2017, the Company would distribute cash dividend to all the shareholders at the rate of CNY 0.7 for every 10 shares(including tax), 0 bonus share (including tax) and no reserve would be converted into share capital.

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Definition

Terms to be defined	Refers to	Definition
Company Law	Refers to	Company Law of the People's Republic of China
Securities Law	Refers to	Securities Law of the People's Republic of China
CSRC	Refers to	China Securities Regulatory Commission
SZSE	Refers to	Shenzhen Stock Exchange
Tunghsu Group	Refers to	Tunghsu Group Co., Ltd.
Baoshi Group	Refers to	Shijiazhuang Baoshi Electronics Group Co., Ltd
Tunghsu Optoelectronic , Company, The Company	Refers to	Tunghsu Optoelectronic Technology Co., Ltd.
Guangzhou Securities , Sponsor institutions	Refers to	Guangzhou Securities Co., Ltd.
Tunghsu (Yingkou) Optoelectronic	Refers to	Tunghsu (Yingkou) Optoelectronic Display Co., Ltd.
Xuhong Optoelectronic	Refers to	Sichuan Xuhong Optoelectronic Technology Co., Ltd.
Wuhu Optoelectronic	Refers to	Wuhu Tunghsu Optoelectronic Technology Co., Ltd., was the implementation unit of the non-public item to raise money for and invest in of "The Project of Production Line for Panel Display Plate" in 2013
Wuhu Equipment	Refers to	Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd.
Shijiazhuang Equipment	Refers to	Shijiazhuang Tunghsu Optoelectronic Equipment Technology Co., Ltd.
Tunghsu (Kunshan)	Refers to	Tunghsu (Kunshan) Display material Co., Ltd., In 2015, was the implementation unit of the non-public item to raise money for and invest in "Project of Production Line for the 5th-generation CF for TFT-LCD".
Tunghsu Construction	Refers	Tunghsu Construction Group Co., Ltd.

	to	
Fuzhou Xufu	Refers to	Fuzhou Xufu Optoelectronic Technology Co., Ltd., In 2016, was the non-public item to raise money for and invest in “Project of Production Line for the 8.5th-generation CF for TFT-LCD”
Fuzhou Optoelectronic	Refers to	Fuzhou Tunghsu Optoelectronic Technology Co., Ltd., In 2016, was the non-public item to raise money for and invest in “Project of Production Line for the 8.5th-generation CF for TFT-LCD”
Tunghsu Finance Company	Refers to	Tunghsu Group Finance Co., Ltd.
Shanghai Tanyuan Huigu	Refers to	Shanghai Tanyuan Huigu New Material Technology Co., Ltd.
Xutan New Material	Refers to	Beijing Xutan New Material Technology Co., Ltd.
Mingshuo Technology	Refers to	Mingshuo (Beijing) Electronic Technology Co., Ltd
SUNLONG	Refers to	Shanghai Sunlong Bus Co., Ltd., 2017 issue of shares and payment of cash to buy the assets of the enterprise
Yihuatong	Refers to	Beijing Yihuatong Technology Co., Ltd.
BOE	Refers to	BOE Technology Group Co., Ltd.
Tianma	Refers to	Tianma Microelectronics Co Ltd
IVO	Refers to	Infovision Optoelectronics Co., Ltd.
INESA	Refers to	INESA (Group) Co., Ltd
Shenchao Optoelectronic	Refers to	Shenchao Optoelectronic (Shenzhen) Co., Ltd.
INNOLUX	Refers to	Innolux Display Group
AUO	Refers to	Au Optonics Corp.
CPT	Refers to	Chunghwa Picture Tubes, Ltd.
HannStar	Refers to	HannStar Display Corporation.
CSOT	Refers	China Star optoelectronics Technology Co., Ltd.

	to	
TFT-LCD	Refers to	"Thin Film Transistor Liquid Crystal Display"
LTPS	Refers to	Low Temperature Poly-silicon
AMOLED	Refers to	Active-matrix organic light emitting diode
Glass substrate	Refers to	A thin glass sheet with extremely smooth surface is a basic component of constituting LCD display device as well as one of the critical basic materials in panel display industry. The glass sheet can be divided into various generations by its size, and the higher the generation is, the bigger the size will be.
G5 glass substrate	Refers to	The size of the 5th-generation glass substrate is 1100 mm×1300 mm.
G6 glass substrate	Refers to	The size of the 6th-generation glass substrate is 1500 mm×1850 mm.
G8.5 glass substrate	Refers to	The size of the 8.5th-generation glass substrate is 2300 mm×2500 mm
CF	Refers to	Critical original materials of LCD panel for realizing colorization display
Grapheme materials	Refers to	Refers to two-dimensional carbon materials related to grapheme, with a layer less than 10 carbon atoms
Cover glass	Refers to	In addition to mobile phones, tablet PCs and other displays, for the touch screen touch module, display and non-touch screen display to protect the transparent glass lens
New Energy Bus	Refers to	Adopting new power systems, fully or mainly rely on new energy-driven passenger bus, including pure electric bus and fuel cell bus

II. Basic Information of the Company and Financial index

I. Company Information

Stock abbreviation	Tunghsu Optoelectronic, Tunghsu B	Stock code	000413、200413
Stock abbreviation after change (if any)	Tunghsu Optoelectronic, Tunghsu B		
Stock exchange for listing	Shenzhen Stock Exchange		
Name in Chinese	东旭光电科技股份有限公司		
Chinese Abbreviation	东旭光电		
English name (If any)	Tunghsu Optoelectronic Technology Co.,Ltd.		
English abbreviation (If any)	Tunghsu Optoelectronic		
Legal Representative	Li Zhaoting		
Registered address	No.9, Huanghe Road, Shijiazhuang High-tech Industrial Development Area, Shijiazhuang, Hebei Province		
Postal code of the Registered Address	050035		
Office Address	No.5 Court, No.23 A Fuxing Road, Haidian District, Beijing		
Postal code of the office address	100036		
Internet Web Site	www:Tunghsuguangdian.com.cn		
E-mail	dxgd@dong-xu.com		

II. Contact person and contact manner

	Board secretary	Securities affairs Representative
Name	Gong Xin	Wang Qingfei
Contact address	No.5 Court, No.23 A Fuxing Road, Haidian District, Beijing	No.5 Court, No.23 A Fuxing Road, Haidian District, Beijing
Tel	010-68297016	010-68297016
Fax	010-68297016	010-68297016
E-mail	gongxin_dx@126.com	wangqingfei@dong-xu.com

III. Information disclosure and placed

Newspapers selected by the Company for information disclosure	China Securities Journal ,Shanghai Securities News,Securities Times and Hong Kong Commercial Daily
Internet website designated by CSRC for publishing the Annual report of the Company	http://www.cninfo.com.cn
The place where the Annual report is prepared and placed	Securities Dept of the Company

IV. Registration changes of the Company

Organization Code	No Change
Changes in principal business activities since listing (if any)	No Change
Changes is the controlling shareholder in the past (is any)	No Change

V. Other Relevant Information

CPAs engaged

Name of the CPAs	Hebei Guanghuacai Guanghua Certified public Accountants LLP.
Office address	24/F,A Building,Wantong New Word office Building,No.2 Fuwai Street, Xicheng District, Beijing
Names of the Certified Public Accountants as the signatories	Qi Zhenghua, Meng Xiaoguang

The sponsor performing persist ant supervision duties engaged by the Company in the reporting period.

√Applicable ☐Not applicable

Name	Office address	Representative	Consistent supervision period
Guangzhou Securities Co., Ltd.	20/F, Guangzhou International Finance Center Tower , No.5 Zhujiang West Road, Tianhe District ,Guangzhou.	Wu Jian, Shi Jianhua	2016.3.21-2017.12.31

Independent financial advisor hired by the Company to exercise constant supervision over the Company during the Reporting period

√Applicable ☐Not applicable

Name	Office address	Name of sponsor	Consistent supervision period
Zhongtian Guofu Securities Co., Ltd.	Financial Area,(North), B Zhongtian Huizhan City,Changling North Road, Guanshanhu District, Guiyang,	Chen Dongyang, Zhang Jin	2017.10.26-2018.12.31

	Guizhou.		
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VI. Summary of Accounting Data and Financial Indicators

Indicate by tick mark whether the Company needs to retroactively restate any of its accounting data.

√Yes □No

Reasons for retrospective restatements:

Business merger under the same control.

	2017	2016		Changed over last year (%)	2015		
		Before adjustment		After adjustment	After adjustment	Before adjustment	After adjustment
Operating Gross income (Yuan)	17,336,364,158.13	6,901,321,122.65		7,632,049,549.25	127.15%	4,650,208,48.10	4,927,624,975.64
Net profit attributable to the shareholders of the listed company (Yuan)	1,743,666,827.25	1,239,928,899.40		1,303,685,863.90	33.75%	1,326,233,674.37	1,245,417,797.94
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (Yuan)	1,539,583,478.72	953,819,209.18		961,311,896.59	60.15%	822,699,390.70	734,157,856.81
Cash flow generated by business operation, net (Yuan)	1,265,773,428.34	1,390,048,492.32		748,957,164.24	69.00%	1,780,128,962.94	2,009,859,853.55
Basic earning per share(Yuan/Share)	0.33	0.29		0.28	17.86%	0.48	0.31
Diluted gains per share(Yuan/Share)(Yuan/Share)	0.33	0.29		0.28	17.86%	0.48	0.31
Net asset earning ratio (%)	7.09%	7.28%		7.55%	-0.46%	14.99%	13.48%
	End of 2017	End of 2016		Changed over last year (%)	End of 2015		
		Before adjustment		After adjustment	After adjustment	Before adjustment	After adjustment
Gross assets (Yuan)	67,683,329,226.91	46,826,319,570.41	50,287,380,415.68	34.59%	28,798,623,253.33	31,923,601,760.52	
Net assets attributable to shareholders of the listed company (Yuan)	30,922,796,455.46	22,216,300,365.86	23,286,206,822.68	32.79%	14,319,481,941.28	14,525,631,433.60	

VII.The differences between domestic and international accounting standards

1. Simultaneously pursuant to both Chinese accounting standards and international accounting standards disclosed in the financial reports of differences in net income and net assets.

☐ Applicable ☒ Not applicable

Nil

2. Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards.

☐ Applicable ☒ Not applicable

Nil

VIII.Main Financial Index by Quarters

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	2,258,246,760.26	2,673,890,819.09	3,447,509,517.00	8,956,717,061.78
Net profit attributable to the shareholders of the listed company	387,022,905.51	265,439,462.24	426,091,959.40	665,112,500.10
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company	352,582,887.68	222,570,280.19	409,366,560.51	555,063,750.34
Net Cash flow generated by business operation	-631,749,226.89	-489,775,177.76	1,839,587,401.52	547,710,431.47

Whether significant variances exist between the above financial index or the index with its sum and the financial index of the quarterly report as well as semi-annual report index disclosed by the Company.

☐ Yes ☒ No

IX.Items and amount of non-current gains and losses

☒ Applicable ☐ Not applicable

In RMB

Items	Amount (2017)	Amount (2016)	Amount (2015)	Notes
Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	-69,697.52	19,167.58	-42,342.96	
Government subsidies recognized in current	101,686,984.15	356,943,995.55	514,763,264.28	

gain and loss(excluding those closely related to the Company's business and granted under the state's policies)				
Income from the exceeding part between investment cost of the Company paid for obtaining subsidiaries , associates and joint-ventures and recognizable net assets fair value attributable to the Company when acquiring the investment		1,804,209.86	18,763,137.14	
Gain/loss on entrusting others with investment or asset management	59,041,599.98	0.00	0.00	
Net gain and loss of the subsidiary under the common control and produced from enterprise consolidation from the beginning of the period to the consolidation date	79,090,446.84	56,264,277.09	92,429,002.55	
Single impairment test for impairment of receivables transferred back to preparation		0.00	14,009,355.59	
Income from custodian charge obtained from entrusted operation	8,973,818.33	8,022,209.26	4,500,000.00	
Other non-operating income and expenditure beside for the above items	-29,905.76	-9,601,776.32	2,588,776.63	
Less: Influenced amount of income tax	22,693,220.73	52,541,535.96	82,348,493.83	
Amount of influence of minority interests (After tax)	21,916,676.76	18,536,579.75	53,402,758.27	
Total	204,083,348.53	342,373,967.31	511,259,941.13	--

For the Company's non-recurring gain/loss items as defined in the Explanatory Announcement No.1 on information disclosure for Companies Offering their Securities to the Public-Non-recurring Gains and Losses and its non-recurring gain/loss items as illustrated in the Explanatory Announcement No.1 on information Disclosure for Companies offering their securities to the public-non-recurring Gains and losses which have been defined as recurring gains and losses, it is necessary to explain the reason.

☐ Applicable ☒ Not applicable

None of Non-recurring gain /loss items recognized as recurring gain /loss/items as defined by the information disclosure explanatory Announcement No.1- Non –recurring gain/loss in the report period.

III. Outline of Company Business

I. Main Business the Company is Engaged in During the Report Period

Whether the company needs to comply with the disclosure requirements of the particular industry

No

The Company is a leading manufacturer of optoelectronic display materials and a comprehensive service provider of intelligent manufacturing. In the field of optoelectronic display materials, the company's production capacity of liquid crystal glass substrates tops in China and ranks fourth in the world, and the company has laterally laid out for curved cover glass, color filters and sapphire, etc., with stark advantages of display material industry cluster. In the field of intelligent manufacturing, the Company's independently researched and developed whole-set glass substrate production equipment has strong technology spillover effects, the customers of high-end equipment business have been expanded to many fields, and meantime, the company has actively expanded the production of new energy vehicles and strived to build the Closed Loop of Industrial Chain of "high-end materials—Graphene-based Lithium-ion Battery-New Energy Vehicle".

I. Optoelectronic Display Materials Business System

1. LCD glass substrate business

The liquid crystal glass substrate is a core raw material to the upstream of the liquid crystal display panel, which accounts for about 15%-20% to the entire panel production cost, with extremely high requirements of manufacturing process. Based on the breakthrough in the field of complete-set of liquid crystal glass substrate production equipment, the company took the lead in breaking the international monopoly and achieved the home-making of liquid crystal glass substrate. The Company is the only enterprise in China that masters the two kinds of glass substrate production processes—namely overflow fusion method and the floating method—at the same time. Currently, the Company possesses four production bases of liquid crystal glass substrate respectively located in Zhengzhou, Shijiazhuang, Wuhu and Fuzhou, covering G5, G6, and G8.5 TFT-LCD liquid crystal glass substrates. The company has 20 liquid crystal glass substrate production lines (including construction-in-progress and proposed projects), with that the mass production capacity tops first in China and ranks fourth in the world.

2. Other display materials business

In order to enhance the competitiveness and profitability of the display materials business, the company implements a horizontal extension strategy of the industry chain. Since 2015, it has successively laid out curved-surfaced cover glass, color filters and sapphire to optimize its business structure. Industrial clustering effects appear. The cover glass is used to protect the touch control module and the display screen. The company mainly produces high-aluminum cover glass and processed into a curved cover glass. The color filter is a key component of the colorization of the liquid crystal display. The company's main product is the G5 color Filters; sapphire is widely used in LED substrate materials and optical components and other fields, the company's main products are 2-inch and 4-inch LED substrate products.

II Intelligent manufacturing system business system

1. High-end equipment and technical services business

Relying on the strong independent research and development capability, the Company spent 10 years, through the

innovative mode of production, institute and research, firstly broke through the complete blockade of production equipment and technology by foreign countries, becoming the only domestic company that has the complete manufacturing process of the liquid crystal glass substrate and the equipment manufacturing capacity. After years of development, the Company has accumulated rich industrialization experience in the field of intelligent manufacturing, with that the related technologies have a strong spillover effect. Since 2014, the company has actively promoted the industrial chain extension strategy. At present, the company's high-end equipment and technology service business mainly focuses on customized and integrated production and operation and maintenance service models, mainly promoting the series of automated production equipment, and the company has developed several industrial group customers.

2. New Energy Bus Business

The company has been engaged in high-end equipment manufacturing for nearly 20 years. From technology to management, from capital to talent, the company has a strong extension capability. In 2017, the company acquired 100% equity of Sunlong Bus by issuing shares and paying cash for purchasing the asset. The company has been deeply plowed in the field of new energy buses for more than ten years, owning mature technology, rich management experience, wide marketing channels and strong overseas expansion capabilities. This acquisition marked the company formally entered the new energy automotive industry, and the company will exert the industrial synergy effect in respect of technology, management, market, resources and other aspects with Sunlong Bus. That also can enrich the company's existing industrial structure, better utilize the complementary advantages, and enable the company to seize the industry opportunities in the field of passenger bus and logistics vehicles in a timely manner, thus creating more possibilities for the company's future rapid growth.

3. Graphene preparation and industrialization business

The graphene, with excellent optical, electrical, thermal and mechanical properties, has important application prospects in the material science, energy, etc., and it is considered to be a revolutionary new material. Since 2014, the company has focused on the development and industrial application of graphene in flexible displays, lithium-ion batteries and thermal materials. Currently, the company's graphene-related industrial application products mainly cover various types of graphene preparations, graphene-coated cathode materials and lithium-ion batteries, graphene high-power LED series lamps, and graphene smart electric heating products. The advance layout for new graphene materials is a strategic input for the company's long-term development in the future, which fits the future development direction of new materials and new energy vehicles, having the great growth potential and market space.

III Other businesses

1. Electronic communication product business

In order to solve the industry predicament of "Lack of Chips and Short of Screens" in China, the company, through the integration of a large number of customer resources and sales channels of optoelectronic display materials, targeted to pull off the industry integration and coordination of optoelectronic display materials and related components industries. Meantime, the company actively expanded the import and export channels of liquid crystal display modules, memory chips and other products, striving to expand the supply and marketing channels for the Internet of Things equipment and gradually perfecting the sections of customs declaration, warehousing, logistics and so forth in response to the individual needs of different customers, thus being able to provide the integrated solutions for customers.

2. Construction & installation business

As a company's traditional business, the construction & installation business has played an important role in assisting the company's production base's construction and maintenance, thus effectively reducing the company's

various project construction costs. Meantime, as a supplement to the main business, and with the continuous development of domestic industrialization and urbanization, the construction & installation business has contributed a certain amount of revenue and profits for the company in recent years. This business is mainly operated by the Company's subsidiary Tunghsu Construction-which possesses the qualifications such as the first class of general contracting for construction engineering and the first-class of general contracting of municipal utilities and mainly conducts housing construction, civil engineering, municipal facilities construction and other engineering general contracting and professional construction.

II. Major Changes in Main Assets

1. Major Changes in Main Assets

Main assets	Major changes
Equity assets	The increase in this period was mainly due to Tunghsu Optoelectronic capital increase of RMB 2 billion to Tunghsu Group Finance Co., Ltd.
Fixed assets	The increase in this period was mainly due to the M & A of Sunlong Bus and Xuhong Optoelectronic and the conversion of the 8.5-generation
Intangible assets	The increase in this period was mainly due to the M & A of Sunlong Bus and Xuhong Optoelectronic
Construction in process	The increase in this period was mainly due to projects under construction of the increase in polarizer project and color film projects.
Goodwill	The increase in this period was mainly due to the M & A of Sunlong Bus.

2. Main Conditions of Overseas Assets

☐ Applicable ☒ Not applicable

III. Analysis On core Competitiveness

Whether the company needs to comply with the disclosure requirements of the particular industry

No

The company's core competitiveness is mainly reflected in the following aspects:

1. Strong ability of independent R & D and innovation

By the end of 2017, there were about 2,000 independent intellectual property rights related to liquid crystal glass substrate, high aluminum float cover glass, high-end equipment manufacturing, vehicle manufacturing and graphene product preparation obtained or being applied by the company and its controlling shareholder. In 2017, the company's first national-level project "G8.5 Liquid Crystal Glass Substrate Production Technology Application Development" smoothly passed the acceptance by the Ministry of Science and Technology. Besides, the company stressed the cooperation and exchanges with domestic and foreign well-known research institutions and professional universities and colleges, and set up the National Engineering Laboratory for flat panel display glass

technology and equipment, national enterprise technology center, academician workstation, graphene research institute and so on, which will provide a strong technical support and R&D support for the company's further development.

2. The scale advantages of core optoelectronic display materials

As of the end of the reporting period, the company has four production bases of liquid crystal glass substrate respectively located in Zhengzhou, Shijiazhuang, Wuhu and Fuzhou, fully covering G5, G6, and G8.5 TFT-LCD liquid crystal glass substrates, with that the mass production capacity tops first in China and ranks fourth in the world, and the company also possesses the production lines of core optoelectronic display materials including high-aluminum cover glass, color filters and sapphire. With various production lines being successively put into production, the company's market share in the field of domestic optoelectronic display materials has been increasing year by year, and the economies of scale appeared. By realizing the good tandem effect of various kinds of core optoelectronic display materials, the company's core competitiveness has been effectively enhanced in the field of optoelectronic display materials, thus improved the pricing right to the downstream customers and effectively ensured the profitability of the company's core optoelectronic display materials.

3. The advantages of integration of endogenous and extension industrial chains

Relying on the controlling shareholder Tunghsu Group's more-than-20 years' experience and technological accumulation, the Company, through the endogenous development method, gradually grew into a leading optoelectronic display material supplier and the comprehensive high-end equipment manufacturer in the industry. Meantime, the company, via the extension method, actively explored in the fields of new energy vehicles and graphene, striving to build the Closed Loop of Industrial Chain of "high-end materials— Graphene-based Lithium-ion Battery-New Energy Vehicle". Centering on the main route of utilizing the industrial synergy, directing by realizing the absolute control and advancing by capital means, the company aimed to realize the effect of "1+1>2", and it has successively carried out the horizontal and vertical industrial chain integration for the optoelectronic display materials chains and the high-end equipment manufacturing industry chains, thus adding new vitality to the rapid development of the company.

4. Synergistic advantages & effects from various business sectors

In the field of optoelectronic display materials, the company has successively invested and established factories in provinces including Hebei, Henan, Anhui, Sichuan, Jiangsu and Fujian, with the industrial layout having the economies of scale, and for one hand, it has contributed a large amount of tax revenue to local government and provided a large number of jobs, and for another hand, it has maintained close cooperation with major customers such as BOE. After the acquisition of Sunlong Bus, the company has set the plans for investment and establishment for new energy automotive industry bases in Guangxi, Sichuan and Jiangsu and other places, With the multi-level, deep cooperation in various aspects, the synergy effect between the company's photoelectric display materials and intelligent manufacturing business gradually became evident, thus gradually forming the business model with comprehensive sales and synergistic effect, so that the company's overall risk resistance capacity and comprehensive competitiveness have been improved.

5. Highly-efficient management and decision-making mechanism

Since Tunghsu Group became the controlling shareholder, the company's management system has achieved a thorough transition from the state-owned enterprise to a private enterprise. The company has continuously improved its incentive system and remuneration system, and the company has garnered a large number of elites and talents as the company has set up the strict and attractive assessment mechanism, rolled out two employee stock ownership plans and the stock incentives with restrictive-conditions and other flexible and efficient ways to motivate the talents. Meantime, the management accurately and incisively studied and judged the market trends

and industrial development direction, quickly and flexibly seized opportunities, mobilized the talents and organized the resources by marketization means, enabling that the company efficiently entered the strategic emerging industries such as new energy vehicle and graphene and snatched the strategic high ground in time. Therefore, the company's highly flexible and efficient management and decision-making mechanism has continuously spawned the productivity for the company, with the advantages becoming more obvious.

IV. Management's Discussion and Analysis

I. General

The year of 2017 is a hard-working, vibrant and progressive year for Tunghsu Optoelectronic. The company focused on the business objectives, actively explored and innovated, steadily implemented every work, soundly consolidated each business sector, smoothly laid out the businesses of optoelectronic display materials, new energy vehicles and graphene, and formed a good industrial synergy and clustering effect. Within the report period, the company achieved the operation revenue of 17.336 billion yuan with comparing by 127.15% compared with that in 2016 and the net profits of 1.744 billion yuan belonging to the parent company with increasing by 33.75% compared with that in 2016.

Each business of the company was developed in details in 2017 as follows:

(1) Optoelectronic display material business

1. Fitting the trend, shaping the production capacity of high-generation glass substrate

During the reporting period, the liquid crystal display panel industry maintained a boom cycle, and the downstream panel makers achieved high growth rates, boosting the demand for the company's liquid crystal glass substrates and other optoelectronic display materials. In 2017, the company's liquid crystal glass substrate products covered the products of three generations namely G5, G6, and G8.5, and the total sales revenue for the entire year was RMB 2.065 billion. The company's glass substrate products have comprehensively covered the mainstream panel makers in the mainland and Taiwan including BOE, Shenchao Optoelectronic, Innolux, Longteng Optoelectronics, Shenzhen Tianma and AU Optronics, with increasing enhancement on the industrial safety and stability.

In recent years, the large-size, high-generation panel and glass substrate have become the industry trend. According to Sigaintell's estimate, the average panel size of TV will increase 1.7 inches as driven by a rapid growth of the demand for large-size panel in 2018, which will lead to a growth of more than 7% in the demand of total panel area. The company's Fuzhou 8.5 generation TFT-LCD liquid crystal glass substrate project is a key project for the company to cope with the large-size development of the panel. During the reporting period, the post-processing production lines of the first and second production lines of Fuzhou Xufu G8.5 Production Line have been put into operation successively, which have successfully matched for BOE, beginning to contribute Revenue of RMB 432 million for the company. The smooth launch of G8.5 generation glass substrates to the market has played a crucial role in the company's efforts to achieve full coverage of medium and high generation glass substrate products and consolidate its leading position in the industry.

2. Collaborative layout, becoming an integrated supplier of photoelectric display core materials

At the end of 2017, the company completed the acquisition of Xuhong Optoelectronic and formally incorporated the high alumina cover glass production line into the company's optoelectronic display industry system. Xuhong Photoelectric is one of the domestic enterprises that led the R&D and firstly realized the mass production of the high-aluminum cover glass, and its produced high-aluminum cover glass has the technical characteristics such as high light transmittance, high impact resistance, high scratch resistance, high flexural toughness and being ultra-thin. The company took "King Panda" glass as its breakthrough point, vigorously explored end users, broadened the production process belt and optimized the structure of sales products, hence the sales has kept reaching the new heights. In 2017, the company, with the raised funds and self-own funds and with Xuhong Optoelectronic as the main body, invested RMB 1.497 billion to construct the "Production project of curved cover glass for curved display", which was a signature measure taken by the company to fit the trend of OLED flexible display.

During the reporting period, the first production line of the company's fifth-generation TFT-LCD color filter production project has been completed, which's expected to efficiently increase the added-value of the existing G5 liquid crystal glass substrates after it reaching the targeting output in 2018. In July 2017, the company by cash acquired 100% equity of Tengda Optics, which mainly engages in research and development, production and sales of optoelectronic display thin film devices, with the main products are optical film and photoelectric tape and the main customer is BOE, hence this acquisition has enhanced the adhesion of major customers.

(II) Intelligent manufacturing service system

1. Completed the acquisition, the sales of Sunlong Bus increased significantly

During the reporting period, the company acquired 100% equity of Sunlong Bus by issuing shares and paying cash to purchase the asset, hence Sunlong Bus became a wholly-owned subsidiary of the Company. Established in 2005, Sunlong Bus is a domestic passenger bus production company with excellent technology, outstanding market channels and excellent overseas market development capabilities. In 2017, Sunlong Bus sold a total of 7155 buses-including 5779 new energy buses, The company achieved a net profit of RMB 315 million for the entire year and achieved a performance commitment. Under the background of the decline of the entire new energy passenger car market, sales of Sunlong New Energy Bus increased by more than 350% year-on-year, achieving a significant increase in contrarians, an increase in the industry, a market share of more than 5% , and ranking among the top eight in the industry. As of now, the company has plans to build new energy passenger bus and logistics vehicle industry bases in Nanning, Mianyang and Suqian. The new bases will help Sunlong to seize more market share and increase the production and sales.

In addition, in June 2017, the company invested 100 million yuan to subscribe for add-directional shares of Yihuatong's non-public share issuance. Yihuatong is a high-tech enterprise specializing in R&D and industrialization of hydrogen fuel cell engines. For one hand, this subscription by the company is based on the future development and profitability of Yihuatong, and for another hand, it's aimed for establishing the strategic partnership with Yihuatong, thus to accelerate the introduction of Yihua's advanced hydrogen fuel cell engine technology to the company's new energy vehicle projects which are in the layout, so as to speed up the roll-out of the company's hydrogen fuel cell vehicles to market, which will better strengthen the company's position in the new energy automotive market and bring new profit growth points to the company.

2. Continuous advancement, steady development of high-end equipment business

The high-end equipment and technical services, control systems and special equipment for the glass substrate are mostly customized products. Due to the confidentiality and market competition issues related to the core technologies and production processes, before 2014, the company mainly provided the equipment design, production, manufacture, installation and technical service of whole-set equipment for the TFT-LCD glass

substrate production lines and high alumina cover glass production lines in our group. However, with the construction of those lines of production basically finished, the company, based on years of experience in the field of electronic glass equipment manufacturing, began to steer the high-end equipment business to the market besides the group and carried out the vertical expansion on the optoelectronic industry chain.

Thanks to the independent research and development of the company, it has broken through the foreign blockade of technology and products and built a solid foundation for the front-end equipment that features the highest technological content in the electronic equipment. Under the backdrop of the domestic manufacturing using machine to replace labor and meet the high-efficiency production, the company's high-end equipment and technical service business has been well advanced and gradually been supplied to the domestic high-end customer, and it has set foot in the panel industry equipment and other general-purpose equipment supply. During the reporting period, the company's high-end equipment and technology service business realized revenue of RMB 7.24 billion, and developed and reserved a number of large group customers who have a good demand in the field of intelligent application like China Star Optoelectronics and Guoxian Optoelectronics.

3. Achieved initial results, the selection-in-better layout of graphene business advanced rapidly

During the reporting period, the single-layer graphene and graphene-based lithium-ion battery related products produced by Shanghai Tanyuan Huigu received the market attention and recognition, and the further single product and technology upgrades have been advancing. In April 2017, the company released the second generation of Graphene-king mobile power, which has improved features in terms of charging efficiency, safety, and functionality, and has achieved the mass supply. In addition, the company's small Graphene-king electric battery has been partially applied to downstream companies such as Xiangqi electric bicycle and Continental Pigeon electric bicycle, and the spec of the power battery is approximately 36V~40V/10Ah, with full-charge in 15 minutes and endurance of 35km~40km and the cycle life of over 1500 times. The promotion of the applicability of Graphene-king power batteries has opened up the market space for the company's industrial application of graphene-based power batteries.

The company is committed to promoting the industrialization of graphene. In 2017, it achieved a double breakthrough in LED lighting products and electric heating products. In May 2017, the company acquired the 51% stake of Mingshuo Technology, whose core technology centers on the reversible liquid crystal phase change graphene composite heat dissipation material, and it is a professional supplier for the high-power LED lighting equipment and the integrated solutions of lighting, with products already being actually used in about 20 cities like Beijing and Mudanjiang, and in December, the company signed a "sales contract" with Japan's Ohkura Co., Ltd and thus harvested the first overseas order for such products. In 2017, Mingshuo Technology realized the net profit of RMB 12.6373 million. Plus, the Company, taking the waterborne graphene conductive ink technology as the core, has developed the graphene electric heater, graphene heating floor and other products, and the company signed the "Strategic cooperation agreement" with Shanxi Nengtuo and Shanxi Jianbang Group to cooperate on the rural project of adopting graphene electric heating replacing the burning and heating of bulk coal in Shanxi Province.

(III) Other value-added business systems

1. Industry Extension, Electronic Communication Supporting Products Business

During the reporting period, in order to increase the company's industrial synergy and profitability, the company added the electronic communication products business, which mainly was the business of import and export of purchase and sales of the products including the memory chip products, high-end peripherals and e-sports main computers, LCD screen modules and whole machine products partly based on the company's existing customer resources and sales channels accumulated by the businesses such as the high-end equipment and liquid crystal

display materials business. And in the reporting period, the company through the acquisition of Shenzhen Xinyingtong Technology Co., Ltd, gathered a group of operation teams with rich experiences and strong market development ability, step-by-step perfected the sections including the procurement, production, warehousing and logistics, distribution and sales, and improved the overall management efficiency and risk management and control capabilities. In 2017, the Company's electronic communication product business achieved the revenue of RMB 2.141 billion.

2. Old business presented vitality, steady development of the construction & installation business

During the reporting period, the company enhanced its market competitiveness in the PPP project field through the capital increase and other methods, and accelerated the completion of PPP business cooperation in the underground integrated pipe corridor, municipal infrastructure, sponge city, smart city and other fields. In recent years, the construction & installation business of the company has effectively reduced the construction cost of the company by assisting the company's production base construction and maintenance. Meantime, as a supplement to the main business, with the continuous development of domestic industrialization and urbanization, the construction & installation business also contributed a certain amount of revenue and profits for the company. During the reporting period, the company's construction & installation business realized the operating revenue of RMB 1.896 billion.

II. Main business analysis

1. General

Refer to relevant contents of "1.Summarization" in "Discussion and Analysis of Management".

2. Revenue and cost

(1)Component of Business Income

In RMB

	2017		2016		Increase /decrease
	Amount	Proportion	Amount	Proportion	
Total operating revenue	17,336,364,158.13	100%	7,632,049,549.25	100%	127.15%
Industry					
Optoelectronic display material	3,443,689,435.55	19.86%	2,160,093,184.00	28.30%	59.42%
Equipment and Technology serves	7,239,942,351.91	41.76%	3,886,968,041.62	50.93%	86.26%
New energy vehicle	2,513,425,799.56	14.50%			
Industrial application of graphene	67,322,912.63	0.39%	1,376,522.48	0.02%	4790.80%
Construction Installation	1,896,347,858.88	10.94%	1,519,919,623.11	19.91%	24.77%
Electronic communication	2,141,375,356.27	12.35%	24,058,595.55	0.32%	8800.67%

products					
Other	34,260,443.33	0.20%	39,633,582.49	0.52%	-13.56%
Products					
Optoelectronic display material	3,443,689,435.55	19.86%	2,160,093,184.00	28.30%	59.42%
Equipment and Technology serves	7,239,942,351.91	41.76%	3,886,968,041.62	50.93%	86.26%
New energy vehicle	2,513,425,799.56	14.50%			
Industrial application of graphene	67,322,912.63	0.39%	1,376,522.48	0.02%	4790.80%
Construction Installation	1,896,347,858.88	10.94%	1,519,919,623.11	19.91%	24.77%
Electronic communication products	2,141,375,356.27	12.35%	24,058,595.55	0.32%	8800.67%
Other	34,260,443.33	0.20%	39,633,582.49	0.52%	-13.56%
Area					
China mainland	16,299,910,479.56	94.02%	7,187,750,269.44	94.18%	126.77%
Hongkong, Macao and Taiwan	1,007,002,901.40	5.81%	444,175,683.53	5.82%	126.71%
Overseas	29,450,777.17	0.17%	123,596.28	0.00%	23728.21%

(2) Situation of Industry, Product and District Occupying the Company's Business Income and Operating Profit with Profit over 10%

√ Applicable □ Not applicable

Whether the company needs to comply with the disclosure requirements of the particular industry

No

In RMB

	Turnover	Operation cost	Gross profit rate(%)	Increase/decrease of revenue in the same period of the previous year(%)	Increase/decrease of business cost over the same period of previous year (%)	Increase/decrease of gross profit rate over the same period of the previous year (%)
Industry						
Products						
Optoelectronic display material	3,443,689,435.55	2,470,106,797.25	28.27%	59.42%	69.89%	-4.42%
Equipment and	7,239,942,351.91	5,354,462,506.29	26.04%	86.26%	122.80%	-12.13%

Technology serves						
New energy vehicle	2,513,425,799.56	2,006,444,448.21	20.17%			
Construction Installation	1,896,347,858.88	1,745,898,401.73	7.93%	24.77%	25.50%	-0.54%
Electronic communication products	2,141,375,356.27	2,089,646,020.25	2.42%	8800.67%	8713.92%	0.96%
Area						

Under circumstances of adjustment in reporting period for statistic scope of main business data, adjusted main business based on latest on year's scope of period-end.

☐ Applicable ☒ Not applicable

(3) Whether the Company's Physical Sales Income Exceeded Service Income

☐ Yes ☒ No

(4) Degree of Performance of the Significant Sales Contract Signed up to this Report Period

☐ Applicable ☒ Not applicable

(5) Component of business cost

Product classification

In RMB

Industry	Items	2017		2016		Increase/Decrease (%)
		Amount	Proportion in the operating costs (%)	Amount	Proportion in the operating costs (%)	
Optoelectronic display material	Operation costs	2,470,106,797.25	18.00%	1,453,932,861.12	27.45%	69.89%
Equipment and Technology serves	Operation costs	5,354,959,245.05	39.02%	2,403,450,345.30	45.37%	122.80%
New energy vehicle	Operation costs	2,005,947,709.45	14.62%			
Industrial application of graphene	Operation costs	27,298,093.82	0.20%	1,499,115.44	0.03%	1720.95%
Construction Installation	Operation costs	1,745,898,401.73	12.72%	1,391,121,048.16	26.26%	25.50%
Electronic communication products	Operation costs	2,089,646,020.25	15.23%	23,708,484.55	0.45%	8713.92%

Other	Operation costs	30,115,437.37	0.22%	23,177,694.63	0.44%	29.93%
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Notes

(6) Whether Changes Occurred in Consolidation Scope in the Report Period

√ Yes □ No

1. Enterprise consolidation not under the same control

(1) Enterprise consolidation not under the same control in reporting period

In RMB'0000

Name of Acquirer	Time-point of Obtained Equity	Obtained Cost of Equity	Ratio of Obtained Equity (100%)	Method of Obtained Equity	Purchasing Date	Determination Basis on the Purchasing Date	Income of Acquire from the Purchasing Date to the End of the Period	Net Profit of Acquire from the Purchasing Date to the End of the Period
Shanghai Sunlong Bus Co., Ltd.	2017.10.26	300,000.00	100	Enterprise consolidation not under the same control	2017.10.26	Acquisition of control	251,342.58	22,059.13
Mingshuo (Beijing) Electronic Technology Co., Ltd.	2017.5.31	5,714.29	36.36	Enterprise consolidation not under the same control	2017.5.31	Acquisition of control	4,979.56	1,813.62
Suzhou Tengda Optical Technology Co., Ltd.	2017.7.10	11,500.00	100	Enterprise consolidation not under the same control	2017.7.10	Acquisition of control	14,548.78	2,143.66
Daosui Group Engineering Co., Ltd.	2017.12.1	10,446.86	51	Enterprise consolidation not under the same control	2017.12.1	Acquisition of control	31,483.86	383.06
Chenzhou Hongcheng Public Transport Construction Development Co., Ltd.	2017.9.20	1,000.00	57	Enterprise consolidation not under the same control	2017.9.20	Acquisition of control		-82.89
Chuanglian Huatai(HK) Co., Ltd.	2017.1.1		100	Enterprise consolidation not under the	2017.1.1	Acquisition of control	113,622.37	1,151.02

				same control				
Tianlong Huatai Industry (HK) Co., Ltd.	2017.1.1		100	Enterprise consolidation not under the same control	2017.1.1	Acquisition of control		
Tunghsu Xuhua(International) Equipment Co., Ltd.	2017.1.1	10.02	55	Enterprise consolidation not under the same control	2017.1.1	Acquisition of control	0.13	-90.68
Ningbo Xude Technology Co., Ltd.	2017.12.31	485.00	100	Enterprise consolidation not under the same control	2017.12.31	Acquisition of control		

(2) Consolidation Cost and Goodwill

Items	Shanghai Sunlong Bus Co., Ltd.	Mingshuo (Beijing) Electronic Technology Co., Ltd.	Suzhou Tengda Optical Technology Co., Ltd.	Chenzhou Hongcheng Public Transport Construction Development Co., Ltd.	Daosui Group Engineering Co., Ltd.	Chuanglian Huatai(HK) Co., Ltd.	Tunghsu Xuhua(International) Equipment Co., Ltd.	Ningbo Xude Technology Co., Ltd.
Consolidation Cost								
—Cash	400,000,000.00	57,142,857.00	115,000,000.00	10,000,000.00	104,468,600.00		100,208.63	4,850,044.77
--Shares	2,600,000,000.00							
Total consolidation cost	3,000,000,000.00	57,142,857.00	115,000,000.00	10,000,000.00	104,468,600.00		100,208.63	4,850,044.77
Less: Reduction: Obtained Definable Net Assets Fair Proportion	668,037,422.66	24,358,974.04	32,649,807.06	-163,443.61	64,373,301.69	-722,450.89	100,208.63	4,850,044.77
Amount of	2,331,9	32,783,882.	82,350,192.9	10,163,443.61	40,095,298	722,450.89		

merging cost which is less than the fair value proportion of obtained net identifiable asset	62,577. 34	96	4		.31			
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(3) The identifiable assets and liabilities of acquirer at purchase date

Items	Mingshuo (Beijing) Electronic Technology Co., Ltd.		Chuanglian Huatai(HK) Co., Ltd.		Tunghsu Xuhua(International) Equipment Co., Ltd.	
	Book value on purchase date	Fair value on purchase date	Book value on purchase date	Fair value on purchase date	Book value on purchase date	Fair value on purchase date
Assets:						
Cash and bank balances	54,255,862.44	54,255,862.44	108,530.20	108,530.20	182,640.92	182,640.92
Account receivable	4,440,598.69	4,440,598.69	33,330,248.60	33,330,248.60		
Prepayments	321,943.20	321,943.20				
Other receivable	5,752,669.26	5,752,669.26			4,294.43	4,294.43
Inventories	3,410,416.00	3,410,416.00				
Other current assets	1,080,294.42	1,080,294.42				
Holding assets for sale	3,855,435.58	3,855,435.58				
Fixed assets	1,760,577.41	1,760,577.41				
Long-term amortization costs	11,000.00	11,000.00				
Deferred income tax asset	205,923.80	205,923.80				
Other Non-current assets	-	-				
Liability:						
Short-term loans			33,328,948.60	33,328,948.60		
Notes payable						
Account payable	2,322,343.88	2,322,343.88	690,688.59	690,688.59		
Advance receipts	897,895.40	897,895.40				
Employees' wage payable	345,332.55	345,332.55				
Tax payable	88,688.47	88,688.47				
Other account payable	2,647,520.16	2,647,520.16	141,592.50	141,592.50	4,737.84	4,737.84
Projected liabilities	1,805,878.96	1,805,878.96				

Net assets	66,987,061.38	66,987,061.38	-722,450.89	-722,450.89	182,197.51	182,197.51
Less: Minority interest	42,628,087.34	42,628,087.34			81,988.88	81,988.88
Acquire net assets	24,358,974.04	24,358,974.04	-722,450.89	-722,450.89	100,208.63	100,208.63

Continued

Items	Shanghai Sunlong Bus Co., Ltd.		Suzhou Tengda Optical Technology Co., Ltd.		Chenzhou Hongcheng Public Transport Construction Development Co., Ltd.	
	Book value on purchase date	Fair value on purchase date	Book value on purchase date	Fair value on purchase date	Book value on purchase date	Fair value on purchase date
Assets:						
Cash and bank balances	235,555,600.34	235,555,600.34	8,731,088.10	8,731,088.10	12,402.73	12,402.73
Notes receivable			1,500,000.00	1,500,000.00		
Account receivable	2,578,312,056.65	2,578,312,056.65	65,171,356.59	65,171,356.59		
Prepayments	418,384,863.64	418,384,863.64	7,806,406.95	7,806,406.95		
Other receivable	181,210,466.43	181,210,466.43	20,349,982.54	20,349,982.54		
Inventories	831,871,533.39	831,871,533.39	40,586,493.29	40,586,493.29		
Other current assets	61,148,041.76	61,148,041.76	1,598,691.41	1,598,691.41		
Long-term receivable account	73,174,230.18	73,174,230.18				
Fixed assets	183,610,503.94	198,164,537.60	16,758,823.16	17,831,581.38	1,520.00	1,520.00
Construction in precess	12,048,380.90	12,048,380.90				
Intangible assets	53,881,160.97	266,357,509.41				
Goodwill	55,664,910.37	55,664,910.37				
Long-term amortization costs	360,360.36	360,360.36	2,798,646.21	2,798,646.21		
Deferred income tax asset	29,841,771.26	29,841,771.26	636,454.57	636,454.57		
Other Non-current assets	12,375,914.89	12,375,914.89	806,500.00	806,500.00		
Liability						
Short-term loans	999,000,000.00	999,000,000.00	13,340,000.00	13,340,000.00		
Notes payable	387,643,177.69	387,643,177.69	6,100,269.12	6,100,269.12		
Account payable	2,056,681,365.52	2,056,681,365.52	88,537,976.23	88,537,976.23		
Advance receipts	96,381,493.39	96,381,493.39	4,957,127.83	4,957,127.83		
Employees' wage payable	36,836,688.89	36,836,688.89	8,767,333.19	8,767,333.19		
Tax payable	12,862,743.79	12,862,743.79	687,327.73	687,327.73		

Interest payable	5,527,791.90	5,527,791.90				
Other account payable	502,746,133.86	502,746,133.86	12,074,768.60	12,074,768.60	300,665.90	300,665.90
Other current liability	11,471,367.51	11,471,367.51				
Long-term loans	36,000,000.00	36,000,000.00	92,130.28	92,130.28		
Long-term account payable			449,547.27	449,547.27		
Projected liabilities	85,978,833.42	85,978,833.42				
Deferred income	12,567,616.50	2,761,586.25				
Deferred income tax liability	2,416,110.45	37,941,572.30		160,913.73		
Other current liability	14,600,000.00	14,600,000.00				
Net assets	466,726,472.16	668,037,422.66	31,737,962.57	32,649,807.06	-286,743.17	-286,743.17
Less: Minority interest					-123,299.56	-123,299.56
Acquire net assets	466,726,472.16	668,037,422.66	31,737,962.57	32,649,807.06	-163,443.61	-163,443.61

Continued

Items	Daosui Group Engineering Co., Ltd.		Ningbo Xude Technology Co., Ltd.	
	Book value on purchase date	Fair value on purchase date	Book value on purchase date	Fair value on purchase date
Assets:				
Cash and bank balances	126,025,463.76	126,025,463.76	7,462,974.07	7,462,974.07
Notes receivable				
Account receivable	188,413,361.49	188,413,361.49		
Prepayments	365,749,937.91	365,749,937.91		
Other receivable	447,766,660.02	447,766,660.02		
Inventories	413,198,786.80	413,198,786.80		
Other current assets	4,501,976.84	4,501,976.84		
Long-term receivable account				
Long-term equity investment				
Fixed assets	64,906,264.45	82,966,648.86		
Construction in process				
Intangible assets	3,783,127.79	78,812,315.75		
Goodwill				
Long-term amortization				

costs				
Deferred income tax asset	50,161,327.66	50,161,327.66		
Other Non-current assets				
Liability				
Short-term loans	212,600,000.00	212,600,000.00		
Notes payable				
Account payable	321,338,582.94	321,338,582.94		
Advance receipts	207,351,175.73	207,351,175.73		
Employees' wage payable	56,475,492.40	56,475,492.40		
Tax payable	23,538,223.24	23,538,223.24	2,612,929.30	2,612,929.30
Interest payable	433,307.81	433,307.81		
Other account payable	770,332,311.96	770,332,311.96		
Non-current liabilities due within 1 year	113,879,216.18	113,879,216.18		
Other current liability	4,830,222.30	4,830,222.30		
Long-term loans				
Long-term account payable	67,590,783.82	67,590,783.82		
Projected liabilities	38,543,627.93	38,543,627.93		
Deferred income				
Deferred income tax liability		23,272,393.10		
Other current liability				
Net assets	56,772,962.41	126,590,141.68	4,850,044.77	4,850,044.77
Less: Minority interest	27,818,751.58	62,029,169.42		
Acquire net assets	28,954,210.83	64,560,972.26	4,850,044.77	4,850,044.77

2. Business combination under the same control

(1) Business combination under the same control during the reporting period

In RMB'0000

Combined party	Proportion of the profits	Basis	Combination date	Recognition basis of combination date
Chengdu Tunghsu Intelligent Technology Co., Ltd.	100.00	Controlled by Li Zhaoting The ultimate controller	November 16	Pay consideration and complete industrial and commercial change registration
Sichuan Xuhong Optoelectronic Technology Co., Ltd.	100.00	Controlled by Li Zhaoting The ultimate controller	October 26	Pay consideration and complete industrial and commercial change registration

Continued

Combined party	Income of the combined	Net profit of the	Income of the merged	Net profit of the combined party
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	party from the beginning of the year to the date of the merger	combined party from the beginning of the year to the date of the merger	party during the comparison period	during the period of comparison
Chengdu Tunghsu Intelligent Technology Co., Ltd.	264,977,513.73	-11,025,654.14	337,652,393.44	21,463,467.86
Sichuan Xuhong Optoelectronic Technology Co., Ltd.	372,820,156.08	90,116,100.98	399,663,708.85	48,839,795.67

(2) Consolidation Cost

Consolidation Cost	Chengdu Intelligent Technology Co., Ltd.	Sichuan Xuhong Optoelectronic Technology Co., Ltd.
Cash	306,972,875.98	
Stock		1,215,000,000.00
Total	306,972,875.98	1,215,000,000.00

(3) The identifiable assets and liabilities of acquiree at purchase date

Items	Chengdu Intelligent Technology Co., Ltd.		Sichuan Xuhong Optoelectronic Technology Co., Ltd.	
	Merger date	End of previous period	Merger date	End of previous period
Assets				
Cash and bank balances	355,610,138.49	74,780,584.40	481,115,950.80	312,337,464.95
Notes receivable	11,352,480.00		59,625,319.43	4,561,937.18
Account receivable	191,993,973.29	25,444,010.27	74,202,783.68	40,797,920.45
Prepayments	83,489,433.54	121,953,068.96	29,477,182.50	4,530,190.92
Other receivable	12,174,795.73	589,122,941.59	1,671,672.24	480,254.90
Inventory	133,572,959.11	119,023,757.46	107,053,000.32	113,060,871.53
Non current assets within 1 year				2,106,800.00
Other current assets	16,704,181.05	26,940,148.89	14,480,087.51	16,115,775.94
Long-term receivable				
Long-term equity investment	155,434.20	155,434.20		
Fixed assets	383,639,274.79	418,741,360.61	1,502,953,441.50	1,594,982,280.33
Construction in process			4,104,898.30	106,153.85

Intangible assets	14,085,220.04	14,379,218.91	60,356,788.89	61,117,117.65
Development expenditure	10,391,492.54			
Goodwill				
Long-term deferred expenses	388,377.28	566,383.57		
Deferred Income tax assets	1,155,033.21	1,134,538.21	75,770.65	69,250.83
Other non-current assets			36,621,771.48	83,861,823.78
Liabilities:				
Short- term loans	15,000,000.00	15,000,000.00	40,000,000.00	47,800,000.00
Notes payable	10,979,108.65	11,663,814.69		42,291,009.80
Account payable	90,338,578.66	35,168,040.49	10,795,330.24	16,037,074.57
Advance Payments	37,154,107.32	29,241,055.76	4,837,451.47	27,375.80
Employees' wage payable	2,450,626.57	2,436,459.51	4,118,462.89	3,135,780.69
Tax payable	127,333.20	218,137.77	328,920.80	2,973,384.23
Interest payable	37,589,537.21	9,909,361.13		1,836,031.37
Other payable	9,642,456.46	57,234,269.64	1,504,149.14	5,795,724.93
Non-current liabilities due 1 year	280,000,000.00	210,000,000.00	85,331,638.89	317,275,295.44
Other current liabilities	612,000.00	611,999.96		
Long-term loans	450,000,000.00	730,000,000.00		590,000,000.00
Long-term payable			917,979,750.00	
Advance liabilities				
Deferred Income	6,862,391.20	5,775,999.98	84,711,689.26	74,940,991.85
Deferred Income tax liabilities				
Other non-current assets				
Net assets	273,956,654.00	284,982,308.14	1,222,131,274.61	1,132,015,173.63
Less: minority equity				
Acquire net assets	273,956,654.00	284,982,308.14	1,222,131,274.61	1,132,015,173.63

3. New Important subsidiaries in this period

On April 26, 2017, Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd. and Changsha Shunyan Management Firm (limited partnership) and Liu Xuehua jointly set up Hunan Tunghsu Wei Sheng Intelligent Technology Co., Ltd, with the registered capital of RMB 50 million, of which Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd subscribed RMB 25.5 million , Changsha Shunyan Administration Enterprise (LP) Subscribed RMB 17 million and Liu Xuehua subscribed RMB 7.5 million, and the paid-up capital was RMB 50 million;

On April 26, 2017, the subsidiary-Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd and Liu Haijun and Liao Shaoye jointly set up Hunan Tunghsu Deilai Electronic Technology Co., Ltd, With the Registered capital of RMB 50 million, of which Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd.subscribed RMB 25.5 million, Liu Haijun Subscribed RMB 17 million and Liao Shaoye subscribed RMB 7.5 million, and the paid-up capital was RMB 50 million;

On April 18, 2017, the subsidiary- Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd, Changsha Wenchao Administration Enterprise (LP) and Ning Yongchao jointly set up Wuhu Tunghsu Weiyu Medical apparatus Technology Co., Ltd,the Registered capital of RMB 100 million, of which Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd subscribed RMB 51 million, Changsha Wenchao Administration Enterprise (LP) subscribed RMB 34 million and Ning Yongchao subscribed RMB 15 million, and the paid-up capital was RMB 100 million;

On September 20, 2017, Suzhou Tengda Optics Technology Co., ltd, set up a wholly-owned subsidiary-Chongqing Xufu Optoelectronic Technology Co., Ltd, with the registered capital of RMB 20 million and the paid-up capital of RMB 20 million.

On September 22, 2017, Chenzhou Hongsheng Public Transport Construction and Development Co., Ltd. and Chenzhou Wanli Construction Investment Co., Ltd. jointly established Chenzhou Xuhong Transportation and Transportation Construction Co., Ltd., with the registered capital of RMB 70 million and the paid-up capital of RMB30 million.in which Chenzhou Hongsheng Public Transport Construction and Development Co., Ltd. holds 90% of the equity.

On December 5, 2017, Shanghai Sunlong Bus Co., ltd, set up a wholly-owned subsidiary-Zhangjiakou Sunlong New Energy automobile sale Co., ltd, with the registered capital of RMB 1 million and the paid-up capital of RMB 0.00 million.

On December 11, 2017, Shanghai Sunlong Bus Co., ltd, set up a wholly-owned subsidiary-Mianyang Xulong Shenan New Energy automobile sale Co., ltd, with the registered capital of RMB 2 million and the paid-up capital of RMB 0.00 million.

4. Changes in consolidation scope due to other reasons

On April 13, 2017, Tunghsu Construction Group Co., Ltd., a subsidiary of the company, acquired 100.00% of the equity of Hebei Xubao Construction and Installation Engineering Co., Ltd., which is a wholly-owned subsidiary of the company. Hebei Xubao Construction & Installation Engineering Co., Ltd. was changed from a subsidiary to a sub-subsidiary.

(7)Relevant Situation of Significant Changes or Adjustment of the Business, Product or Service in the Company's Report Period

☐ Applicable ☒ Not applicable

(8)Situation of Main Customers and Main Supplier

Information of Main Customers

Total sales amount to top 5 customers (Yuan)	3,125,927,360.63
Proportion of sales to top 5 customers in the annual sales(%)	18.03%
Proportion of the sales volume to the top five customers in the total sales to the related parties in the year	0.00%

Information of the Company's top 5 customers

No	Name	Amount(RMB)	Proportion(%)
1	Customer 1	1,087,271,629.52	6.27%
2	Customer 2	753,045,376.38	4.34%
3	Customer 3	479,011,552.57	2.76%
4	Customer 4	419,580,000.00	2.42%
5	Customer 5	387,018,802.16	2.23%
Total	--	3,125,927,360.63	18.03%

Other Notes :

☐ Applicable ☒ Not applicable

Principal suppliers

Total purchase of top 5 Suppliers (Yuan)	3,814,462,317.61
Percentage of total purchase of top 5 suppliers In total annual purchase(%)	26.89%
Proportion of purchase amount from the top 5 suppliers in the total purchase amount from the related parties in the year	0.00%

Information about the top 5 suppliers

No	Name	Amount (Yuan)	Proportion
1	Supplier 1	1,375,733,556.38	9.66%
2	Supplier 2	802,445,943.86	5.64%
3	Supplier 3	513,704,206.73	3.61%
4	Supplier 4	427,085,905.98	3.00%
5	Supplier 5	324,379,598.29	2.28%
Total	--	3,443,349,211.25	24.18%

Notes

☐ Applicable ☒ Not applicable

3.Expenses

In RMB

	2017	2016	Increase/Decrease(%)	Notes
Sale expenses	207,927,383.90	81,435,240.75	155.33%	The increase in this period was mainly due to the increase in the scope of consolidation.
Administration expenses	642,078,589.01	482,721,909.11	33.01%	The increase in this period was mainly due to the increase in the scope of

				consolidation.
Financial expenses	754,315,520.66	439,161,361.39	71.76%	The increase in this period was mainly due to the increase in the scope of consolidation and the interest generated by the medium stock.

4. Research and Development

√ Applicable □ Not applicable

In 2017, Chengdu Tunghsu Intelligent Technology Co., Ltd. and Sichuan Xuhong Optoelectronic Technology Co., Ltd. were merged, which belonged to the business combination under the same control, so retrospective adjustments were made to the data related to R&D investment in 2016.

Situation of Research and Development Input by the Company

	2017	2016	Increase/Decrease(%)
Number of Research and Development persons (persons)	1,397	603	131.67%
Proportion of Research and Development persons	17.61%	13.52%	4.09%
Amount of Research and Development Investment (Yuan)	385,731,049.90	256,992,023.58	50.09%
Proportion of Research and Development Investment of Operation Revenue	2.22%	3.37%	-1.15%
Amount of Research and Development Investment Capitalization (Yuan)	0.00	0.00	0.00%
Proportion of Capitalization Research and Development Investment of Research and Development Investment	0.00%	0.00%	0.00%

The Reason of the Prominent Change in Total Amount of Research and Development Input Occupying the Business Income Year on Year

□ Applicable √ Not applicable

Explanation of the Reason for Substantial Changes in the Research and Development Input's Capitalization Rate and Its Reasonableness

□ Applicable √ Not applicable

5. Cash Flow

In RMB

Items	2017	2016	Increase/Decrease(%)
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Subtotal of cash inflow received from operation activities	18,108,321,406.22	9,213,915,004.15	96.53%
Subtotal of cash outflow received from operation activities	16,842,547,977.88	8,464,957,839.91	98.97%
Net cash flow arising from operating activities	1,265,773,428.34	748,957,164.24	69.00%
Subtotal of cash inflow received from investing activities	10,891,847,680.49	6,792,787.54	160,244.30%
Subtotal of cash outflow for investment activities	16,688,958,590.59	3,327,719,078.03	401.51%
Net cash flow arising from investment activities	-5,797,110,910.10	-3,320,926,290.49	74.56%
Subtotal cash inflow received from financing activities	16,548,510,295.08	23,850,334,716.36	-30.62%
Subtotal cash outflow for financing activities	12,382,909,527.06	7,926,305,573.52	56.23%
Net cash flow arising from financing activities	4,165,600,768.02	15,924,029,142.84	-73.84%
Net increase in cash and cash equivalents	-386,437,334.60	13,338,838,569.26	-102.90%

Notes to the year-on-year change of the relevant data

☐ Applicable ☒ Not applicable

Notes to the big difference between cash flow from operating activities and net profit in the reporting year

☐ Applicable ☒ Not applicable

III. Analysis of Non-core Business

☒ Applicable ☐ Not applicable

In RMB

	Amount	Proportion in total profit	Explanation of cause	Sustainable (yes or no)
Other income	351,436,935.11	15.41%	Government subsidy	

IV. Condition of Asset and Liabilities

1. Condition of Asset Causing Significant Change

In RMB

	End of 2017	End of 2016	Proportio	Notes to the significant change
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	Amount	Proportion in the total assets(%)	Amount	Proportion in the total assets(%)	n increase/decrease	
Cash and bank balances	27,371,178,417.85	40.44%	26,443,235,266.21	52.58%	-12.14%	
Accounts receivable	7,912,616,302.75	11.69%	1,714,679,861.53	3.41%	8.28%	
Inventories	4,890,519,146.03	7.23%	2,921,052,065.26	5.81%	1.42%	
Real estate Investment	58,229,439.86	0.09%		0.00%	0.09%	
Long-term equity investment	2,130,640,158.90	3.15%	72,510,237.90	0.14%	3.01%	
Fixed assets	11,091,555,183.08	16.39%	10,840,222,912.29	21.56%	-5.17%	
Construction in process	3,253,114,879.80	4.81%	1,772,735,464.69	3.53%	1.28%	
Short-term loans	5,712,826,382.20	8.44%	5,003,616,200.13	9.95%	-1.51%	
Long-term loans	4,784,726,250.77	7.07%	7,916,159,000.00	15.74%	-8.67%	

2. Asset and Liabilities Measured by Fair Value

☐ Applicable ☒ Not applicable

3. Restricted asset rights as of the end of this Reporting Period

1. The total amount of restricted Cash and bank balances at the end of the reporting period was RMB 2,342,099,012.61, Mainly for fixed deposits, deposits and so on.
2. At the end of the period, RMB 58,229,439.86 was pledged for Real estate investment as collateral.
3. RMB 9,409,368,490.55 at the end of the period. Fixed assets were used as collateral and financial lease objects.
4. At the end of the period, the intangible assets of RMB 250,691,543.29 were borrowed as collateral.
5. At the end of the period, RMB 1,677,570,452.42 was pledged for construction in progress as collateral.
6. Account receivables of RMB 189,583,404.32 at the end of the period were borrowed as factoring financing.

V. Investment situation

1. General

☒ Applicable ☐ Not applicable

Investment Amount in 2017(Yuan)	Investment Amount in 2016(Yuan)	Change rate
9,421,487,161.16	2,032,450,706.57	363.55%

2. Condition of Acquiring Significant Share Right Investment during the Report Period

√ Applicable □ Not applicable

In RMB

Name of the Company Invested	Main Businesses	Investment Way	Investment Amount	Share Proportion %	Capital Source	Partner	Investment Horizon	Product Type	Progress up to Balance Sheet Date	Anticipated Income	Gain or Less or the Current Investment	Whether to Involve in Lawsuit	Date of Disclosure (Note 5)	Disclosure Index
Shanghai Sunlong Bus Co., Ltd.	New energy bus	Acquisition	3,000,000.00	100.00 %	Issued shares	No	Long-term	New energy bus	Completed	300,000.00	305,161,088.91	No	March 21, 2017	http://www.cninfo.com.cn
Sichuan Xuhong Optoelectronic Technology Co., Ltd.	Optoelectronic Display material	Acquisition	1,215,000.00	100.00 %	Issued shares	No	Long-term	Optoelectronic Display material	Completed	75,000.00	87,616,879.93	No	March 21, 2017	http://www.cninfo.com.cn
Total	--	--	4,215,000.00	--	--	--	--	--	--	375,000.00	392,777,968.84	--	--	--

3. Situation of the Significant Non-equity Investment Undergoing in the Report Period

□ Applicable √ Not applicable

4. Investment of Financial Asset

(1) Securities investment

□ Applicable √ Not applicable

Nil

(2) Investment in Derivatives

□ Applicable √ Not applicable

Nil

5. Application of the raised capital

√ Applicable □ Not applicable

(1) General application of the raised funds

√ Applicable □ Not applicable

In RMB'0000

Year of Raising	Way of Raising	Total raised capital	Total Amount of the Raised Fund Used at the	Total amount of Raised Funds	Amount of raised capital of which the purpose was changed in the report period	Accumulative amount of raised capital of which the purpose has been changed	Proportion of raised capital of which the purpose has been changed (%)	Total Amount of the Unused Raised Fund at the Current Period	Use and Whereabouts of the Unused Raised Fund	Amount of the Raised Fund with over 2 Years' Idling
2013	Directional add-issuance	503,880	0	478,269.53	0	0	0.00%	25,235.63	Continue to invest	0
2015	Directional add-issuance	800,000	22,948.3	537,795.36	0	0	0.00%	270,700.48	Continue to invest	0
2015	Corporate bond	100,000	0	100,000	0	0	0.00%	0	-	0
2016	Directional add-issuance	695,000	37,347.21	51,221.99	0	0	0.00%	655,424.25	Continue to invest	0
2017	Directional add-issuance	375,000	44,200.02	44,200.02	0	0	0.00%	330,854.58	Continue to invest	0
Total	--	2,473,880	104,495.53	1,211,486.9	0	0	0.00%	1,282,214.94	--	0
Corporate bonds										
In 2017, The company strictly accordance with "use of funds raised management system" and "raise funds tripartite regulatory agreement" to raise funds and special accounts storage use, and timely, truly, accurately and completely disclosure of the deposit and use of proceeds, there is no violation circumstances.										

(2) Promised projects of raised capital

√ Applicable □ Not applicable

In RMB'0000

Committed investment projects and investment	Project changed(including partial change)	Total raised capital invested as committed	Total investment after adjustment (1)	Amount invested in the reporting period	Accumulated amount invested at the end of the reporting period(2)	Investment progress ended the reporting period(%) (3)=(2)/(1)	Date when the project has reached the predicted applicable status	Benefit realized in the reporting period	Has the predicted result be realized	Has any material change taken place in feasibility
Committed investment projects										
Wuhu Optoelectronic Panel display glass substrate Production line project	No	496,106.4	496,106.4	0	471,469.53	95.03%	December 31, 2018	1,517.36	Not applicable	No
Project of Production Line for the 5th-Generation CF for TFT-LCD	No	300,000	300,000	22,948.3	37,708.35	12.57%	December 31, 2018		Not applicable	No
Acquisition for 100% share rights of Xuwei Optoelectronic	No	177,000	177,000	0	177,000	100.00%	December 31, 2015	18,009.77	Yes	No
Acquisition for 100% share rights of Xuxin Optoelectronic	No	198,000	198,000	0	198,000	100.00%	December 31, 2015	8,831.52	Yes	No
To supplement the circulating fund	No	125,000	125,000	0	121,537	97.23%	December 31, 2015		Not applicable	No
To supplement the circulating fund (Corporate bonds)	No	100,000	100,000	0	100,000	100.00%			Not applicable	No
Project of Production Line for the 8.5th-Generation CF for TFT-LCD	No	695,000	695,000	37,347.21	48,421.99	6.97%	June 30, 2019		Not applicable	No
New energy bus and logistics vehicle production project	No	220,000	220,000	0.02	0.02	0.00%	January 31, 2019	30,516.11	Not applicable	No
Sheet glass production project for curved surface display	No	110,000	110,000	0	0	0.00%	December 31, 2018	8,761.69	Not applicable	No

Payment for procurement of Sunlong's equity consideration	No	40,000	40,000	40,000	40,000	100.00%			Not applicable	No
Payment transaction fees and intermediary agency fees	No	5,000	5,000	4,200	4,200	84.00%			Not applicable	No
Subtotal of Committed investment projects	--	2,466,106.4	2,466,106.4	104,495.53	1,198,336.89	--	--	28,358.65	--	--
Investment of excessive raised capital										
Nil										
Total	--	2,466,106.4	2,466,106.4	104,495.53	1,198,336.89	--	--	67,636.45	--	--
Reason or situation that not on schedule (on specific project)	Nil									
Notes to major changes in project feasibility	Nil									
Amount, application and application progress of the uncooked proceeds	Not applicable									
About the change of the implementation site of the projects invested with the proceeds	Not applicable									
Adjustment of the implementation way of investment funded by raised capital	Applicable									
	During the reporting period									
	<p>The Company convened the 10th meeting of 8th Board of Directors on March 15, 2017.</p> <p>Pursuant to the Company's 2016 Non-public Issuance Plan of A-shares, the project funded by this non-public share issuance was the "project of building the 8.5th generation TFT-LCD glass substrate", with the company's holding subsidiary-Fuzhou Tunghsu Optoelectronic Technology Co., Ltd (hereinafter referred to as "Fuzhou Tunghsu") as the main implementation body. According to the company's business development needs, it's planned to add Fuzhou Xufu Optoelectronic Technology Co., Ltd (hereinafter referred to as "Fuzhou Xufu")-a holding subsidiary to Fuzhou Tunghsu into the main body of implementation of the project. Each TFT-LCD glass substrate production line is consisted by one pre-process production line and one post-processing production line. Fuzhou Xufu undertakes the</p>									

	investment and construction work of two 8.5-generation post-processing production lines in the project funded by the non-public share issuance, with the total amount involved is RMB 823.06 million, which accounts for 11.83% of the total funds raised. The total investment, the input amount of funds raised, and the construction total funds raised. The total investment, the input amount of funds raised, and the construction content of the above-said project remains unchanged.
Investment projects initial investment and replacement	Applicable
	(1) On April 17, 2013, The 36 th Meeting of the sixth Board of Directors of the Company has examined and approved the “Proposal on the Replacement of the Self-financing Funds pre-put into Investment Project with the RAISED Funds”, and agreed the company to make arrangement for the funds-raising on the replacement of the pre-investment based on the plan of non-public issuance of stocks, with the pre-invested self-financing funds of RMB 2,077,426,324.50 replaced by the raised funds. The company’s independent directors, board of supervisors and the sponsor institution-Guangzhou securities issued the clear statement of consent. A special audit report- No.5002-Zhongxin Cai Guan Hua specially Certified (2013) pertain to the item of replacing the funds pre-invested in the project which should be invested by the funds raised was issued by Zhongxincai Guanhua Certified Public Accountants (LLP).
	(2) On December 29, 2015, the 46 th meeting of the 7 th board of directors and the 18 th meeting of the 7 th board of supervisors of the Company examined and adopted “Proposal on Using the Raised Fund to Replace the Self-raised Fund of the Advanced Invested Item to Raise Money for and Invest”, The company replaced the self-raising funds in amount of RMB 107,084,200 with the funds raised by the non-public issuing pertain to the relevant projects, which had been audited and certified by Zhongxincai Guanhua Certified Public Accountants (special general partnership) with the report of No.5037 Zhongxincai Guanhua specially Certified (2015) provided.
	(3) On January 25, 2017, the 9 th meeting of the 8 th board of directors of the Company examined and adopted “Proposal on Using the Raised Fund to Replace the Self-raised Fund of the Advanced Invested Item to Raise Money for and Invest”, The company replaced the self-raising funds in amount of RMB 110.7478 million with the funds raised by the non-public issuing pertain to the relevant projects, which had been audited and certified by Zhongxincai Guanhua Certified Public Accountants (special general partnership) with the report of No.105001 Zhongxincai Guanhua specially Certified (2017) provided.
Using the idle proceeds to supplement the working capital on temporary basis	(4) In the 28 th interim meeting of 8 th Board of Directors held on January 10, 2018 of the Company, the Proposal on the Use of Raised Funds to Replace the Self-raised Funds of the Investment Project Pre-invested Raised Funds was reviewed and passed, and the Company used raised funds amounted to RMB 23,508,800 Yuan to replace the self-raised funds of the investment project pre-invested raised funds, including to replace the total self-raised funds RMB 6,696,800 Yuan of the investment project pre-invested in new energy buses, to replace the total self-raised funds RMB 8,810,800 Yuan of the investment project pre-invested in curved glass and to replace the self-raised funds RMB 8,000,000 Yuan for the payment of transaction fees and intermediary agency fees in advance. which had been audited and certified by Zhongxincai Guanhua Certified Public Accountants (special general partnership) with the report of No.105001 Zhongxincai Guanhua specially Certified (2018) provided.
	Applicable
	(1) On May 29, 2015, the 37 th Meeting of the 7 th Board of Directors of the company deliberated and approved Proposal of Using Partial Idle Raised Fund to Supplement Circulating Fund, which agreed the company to use the idle raised fund valuing 250 million yuan (taking 5.04% of the actual net raised fund)

	to temporarily supplement the circulating fund of the company. Service life lasts for 12 months since the approval date by the Board of Directors. The company will return to the special account for fund-raising in time when the fund used to supplement the circulation is due. The raised fund above was already refunded on May 26, 2016 and deposited in the special account for the company raising fund. (2) The company convoked the 8th meeting of the 8th Board of Directors on December 9, 2016, agreed through deliberation that the idle 3000 million yuan (43.17% of the actual-raised net fund) among 6950 million yuan raising fund for "G8.5 TFT-LCD glass substrate production lines project" would be used to supplement the company working capital temporarily for not less than 12 months from the approval date by Board of Directors, upon which, such amount would be refunded to the special account for the raising fund. (3) On December 7, 2017, the Company convened the 24 th meeting of No. 8 Board of Directors to review and decide that within 12 months from the date of passing the decision by the Board of Directors, it agreed the Company can use maximum RMB 200,000 Yuan (including the principal) idle raised funds from the raised funds RMB 6,950,000,000 Yuan of "the 8.5th Generation TFT-LCD Glass Substrate Production Line Project" to invest in principal-guaranteed products with good liquidity, low risk and fixed income,. The products invested include principal-guaranteed financial products, seven-day notice deposits and one-day notice deposits, etc., using in roll within the above-mentioned capital limit; it agreed that the Company can use RMB 300,000 Yuan idle raised funds to temporarily supplement the Company's working capital. And would be used to supplement the company working capital temporarily for not less than 12 months from the approval date by Board of Directors, upon which, such amount would be refunded to the special account for the raising fund, The board of supervisors, independent directors and sponsor organizations have agreed on this matter.
The amount and reasons of the fund surplus in the project implementation	Not applicable
About application and status of the proceeds unused	Used for the construction of the project
Problems existing in application of the proceeds and the information disclosure or other issues	Not applicable

(3) Changes of raised funds projects

☐ Applicable ☒ Not applicable

There is no change in raised funds in company reporting period.

VI. Significant Asset and Right Offering

1. Situation of Significant Asset Sale

☐ Applicable ☒ Not applicable

Nil

2. Situation of Substantial Stake Sale

□ Applicable√ Not applicable

VII. Analysis of the Main Share Holding Companies and Share Participating Companies

√ Applicable □ Not applicable

Situation of Main Subsidiaries and the Joint-stock Company with over 10% net profit influencing to the Company

Company Name	Company type	Sectors engaged in	Registered capital	Total assets	Net assets	Turnover	Operating profit	Net Profit
Zhengzhou Xufei Optoelectronic Technology Co., Ltd.	Subsidiary	Optoelectronic Display material	1,650,000,000.00	4,389,803,654.95	2,064,396,681.94	1,652,325,248.29	199,825,442.03	170,582,703.55
ShijiazhuangXuxin Optoelectronic Technology Co., Ltd.	Subsidiary	Optoelectronic Display material	1,906,000,000.00	3,573,648,023.61	2,142,676,737.28	592,040,874.53	120,863,302.23	103,218,424.73
Sichuan Xuhong Optoelectronic Technology Co., Ltd.	Subsidiary	Optoelectronic Display material	1,100,000,000.00	3,106,614,585.20	1,222,650,483.03	437,152,855.98	110,038,911.96	90,635,309.40
Jiangsu Jixing New Material Co., Ltd.	Subsidiary	Optoelectronic Display material	392,000,000.00	745,977,844.74	538,434,583.70	743,145,721.71	124,652,400.97	107,925,016.27
Shanghai Sunlong Bus Co., Ltd.	Subsidiary	New Energy Bus	1,100,000,000.00	5,692,166,745.11	1,410,419,988.26	3,900,998,518.93	231,647,189.35	199,248,523.68
Guangxi Yuanzheng New Energy Automobile Co., Ltd.	Subsidiary	New Energy Bus	111,111,112.00	2,121,057,917.78	864,394,097.19	1,016,440,467.55	186,586,171.11	168,133,661.13
Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd.	Subsidiary	Equipment and technology Service	98,000,000.00	10,252,509,861.28	2,441,998,109.89	3,762,748,114.29	1,413,339,685.57	1,218,974,450.73

Acquirement and disposal of subsidiaries in the Reporting period

√ Applicable □ Not applicable

Name	Mode	Influence
Sichuan Xuhong Optoelectronic Technology Co., Ltd.	M & A	Increase profit
Shanghai Sunlong Bus Co., Ltd.	M & A	Increase profit
Suzhou Tengda Optical Technology Co., Ltd.	M & A	Increase profit
Chongqing Jinghuateng Optoelectronic Technology Co., Ltd.	M & A	Increase profit
Hefei Jinghuateng Optoelectronic Technology Co., Ltd.	M & A	There was no significant impact in this period
Tunghsu Xuhua(International) Equipment Co., Ltd.	M & A	There was no significant impact in this period
Chuanglian Huatai(HK) Co., Ltd.	M & A	Increase profit
Tianlong Huatai Industry(HK)Co., Ltd.	M & A	There was no significant impact in this period
Mingshuo(Beijing) Electronic Technology Co., Ltd.	M & A	Increase profit
Huzhou Mingshuo Optoelectronic Technology Co., Ltd.	M & A	Increase profit
Chenzhou Hongsheng Public Transport Construction Development Co., Ltd.	M & A	There was no significant impact in this period
Chengdu Tunghsu Intelligent TechnologyCo., Ltd.	M & A	Increase profit
Chengdu Tunghsu Construction Engineering Co., Ltd.	M & A	Increase profit
Chengdu Shunyi Service Co., Ltd.	M & A	Increase profit
Daosui Group Engineering Co., Ltd.	M & A	Increase profit
Daosui Group Tibet Construction Development Co., Ltd.	M & A	Increase profit
Sichuan Chengtong Highway EngineeringTesting Co., Ltd.	M & A	Increase profit
Shanghai Jundong Automobile Parts Co.,Ltd.	M & A	Increase profit
Shenzhen Sunlong New Energy Automobile Sale Co., Ltd.	M & A	There was no significant impact in this period
Haerbin Sunlong New Energy Automobile	M & A	Increase profit

Sale Co., Ltd.		
Tianjing Junma Automobile Sale Co., Ltd.	M & A	Increase profit
Guangxi Yuanzheng Automobile Co., Ltd.	M & A	Increase profit
Guangzhou Yuanzheng New Energy Automobile Sale Co., Ltd.	M & A	Increase profit
Guangxi Yuanhang New Energy Vehicle research Co., Ltd.	M & A	There was no significant impact in this period
Chongqing Xufuda Optoelectronic Technology Co., Ltd.	New establishment	There was no significant impact in this period
Hunan Tunghsu Weisheng Intelligent Technology Co., Ltd.	New establishment	Increase profit
Hunan Tunghsu Delai Electric Technology Co., Ltd .	New establishment	Increase profit
Chenzhou Xuhong Transportation construction co., Ltd.	New establishment	There was no significant impact in this period
Zhangjiakou Sunlong New Energy Automobile Sale Co., Ltd.	New establishment	There was no significant impact in this period
Mianyang Xulong Shenan New Energy Automobile Sale Co., Ltd.	New establishment	Increase profit

Notes

VIII. Special purpose vehicle controlled by the Company

☐ Applicable ☒ Not applicable

IX. Prospect for future development of the Company

I. The Development Trend of the Industry

In the field of optoelectronic display, as in 2017 there were some reorganizations of LCD panel plants and some small and medium sized LCD panel plants were closed down, the growth in production capacity was limited, yet the demand for LCD panels increased by more than 5%, resulted in the price rise of panel, meantime the large panel production capacity expansion was very active in 2017. In 2018, it's estimated that the shipments of large-size LCD panels of 8.5 generation or higher-generations will continue to increase, which is for responding to the strong demand for large size display products in the consumer market. According to HIS Market's forecast, the panel capacity will grow around 10% in 2018. And that will form an effective support for the company's optoelectronic display materials products including the core product of glass substrate.

In the field of new energy buses, the original competition pattern of the bus industry was relatively stable overall, but in recent years, with the development of new energy automobile industry, the industry structure has undergone some changes. Bus companies represented by Sunlong have seized the opportunity of new energy industry to achieve rapid development. Under the influence of the subsidy policy, the industry has experienced a certain degree of decline in 2017, and in 2018, under the influence of subsidy policies, the industry will show a clear differentiation

pattern. As the passenger car industry has a clear long-tailed phenomenon, enterprises The integration between the two companies is expected to accelerate, and passenger car companies that have capital and market advantages will present a strong, strong and stable situation.

II. Development strategy of the company

In order to realize the strategic goal of “becoming the largest domestic manufacturer of optoelectronic display materials and the comprehensive service provider for intelligent manufacturing” and closely follow the trend of the innovation and the top display technology in the world, the company will continue to consolidate and upgrade its optoelectronic display materials business-that takes the liquid crystal glass substrates as the core. At the same time, the company will speed up the layout for the new strategic emerging industries including the high-end equipment, new energy vehicles and graphene.

The company will fully utilize the advantages of technology, scale and customer resources, continuously promote the construction of new production lines of G6 and G8.5, consolidate the main business of glass substrate and enhance the leading position in the domestic industry; at the same time, the company will optimize and upgrade the production lines of glass substrates and color filters that were started and put into operation in 2017, adopt the lean management and control to improve the yield and reduce the manufacturing costs, and will further improve the economic effects of new production lines. In addition, the company will consolidate the core advantages of high-end equipment and technical services, expand the high-end intelligent equipment business especially the 3C equipment business, thus keeping the company stay in the lead in the market share and position for the high-end equipment and technical service field.

Meanwhile, the company will fully tap into the industry synergy of intelligent manufacturing, strive to make breakthroughs on the new energy passenger bus and the fast charging technology of graphene-based lithium ion battery, speed up the business layout of new energy automotive field, and spare no efforts to build the Closed Loop of Industrial Chain of “high-end materials— Graphene-based Lithium-ion Battery-New Energy Vehicle”, thus to snatch the high ground of the industry, so as to better raise the company’s revenue and net profits.

III. Business plan in 2018

For 2018, the company will promote the revenue-oriented and profit-oriented assessment mechanism, centre on the main line of “market development, cost reduction and profit increase”, and mainly promote the following tasks:

1. Accelerate the construction of company's not-yet-completed production lines of G6 and G8.5 liquid crystal glass substrates, further increase the yield and improve the technical process of existing production lines, reduce production costs through lean control, and raise the operating efficiency.
2. The high-end equipment business continued to exert its advantage of external spillover, enhanced service intensity to the core customer groups, and improved the industrial layout and diversified development of high-end equipment through endogenous and extensional methods to ensure the steady growth of the company's high-end equipment business.
3. With Sunlong Bus as the main body, promote the construction of the three new energy automobile industrial bases respectively in Nanning, Mianyang and Suqian, and strive to complete the construction as early as possible and break through the bottleneck of the company's capacity bottleneck. At the same time, continue to strengthen Sunlong Bus’s sales channels at home and abroad, increase the input for sales, optimize the sales teams and continuously increase the sales capacity of new energy buses by means like strengthening the cooperation with local governments, thus to ensure the sufficient and stable orders for new energy passenger bus in 2018.
4. Taking Xuhong Optoelectronic as the main body of the project, the Company will rapidly advance various tasks

of the cover glass production project for surface display, complete the project production line construction and market development tasks with guarantee of quality and quantity.

5. Accelerate the implementation of the already-signed cooperation agreements and investment projects of the graphene industry, and actively seek high-quality targets in the industry, promote the industrialization of graphene-related products and enhance the company's fame and voice in the industry. While under the premise of enhancing the production capacity, the Company will strongly promote the sales efforts of all kinds of graphene products and actively grab the market share.

6. With the advantage of the company's brand, strengthen the comprehensive market development capabilities of various businesses, and ensure that the company's existing businesses will achieve steady growth in revenue and profits.

IV. Possible risks

1. Risk of macroeconomic cyclical fluctuations

The optoelectronic display materials business centered on glass substrate relies on the LCD panel industry, which is a cyclical industry and a downstream industry to the company. As the prosperity of the panel industry is affected by the macroeconomic fluctuations, then if the panel price fluctuates sharply due to the deterioration of the macroeconomic environment or the imbalance between the supply and the demand, the company may face the risk of industry downturn.

2. Risk of uncertainty in expected benefits of liquid crystal glass substrate project

As the company's glass substrate production line projects have the features of large investment amount and long construction period, then if there is a future risk occurred in the glass substrate industry and the company's glass substrate production line construction projects can not fully achieve the mass production on schedule, the sales revenue and the profits of glass substrates will probably be less than expected.

3. Risk of technological upgrading alternatives

The company never stops the technical research and development and technology reserves, and has made breakthroughs in many areas. However, if the downstream panel display industry undergoes major technological changes and the company fails to achieve timely corresponding technological innovation, then the company will face certain risks when the technological upgrading alternatives hit the market.

4. The risk caused by the continued fade-out of subsidy policies for new energy vehicles

As the new energy auto companies have a certain dependence on government subsidies at this stage, the decline in the subsidy standards will have a certain impact on the future sales of new energy auto products of Sunlong Bus. Although the company has in detail measured the feasibility of the company's implementation of the related business plan after the full fade-out of the subsidy, if there are major adverse changes in the relevant industrial policies in the future, Sunlong Bus will face the risk of that its operating performance will fall short of expectations.

X. Particulars about researches, visits and interviews received in this reporting period

1. Particulars about researches, visits and interviews received in this reporting period

√ Applicable □ Not applicable

Reception time	Way of reception	Types of visitors	Basic index
September 9, 2017	Onsite investigation	Organization	Details are disclosed in the investor relationship event record on cninfo

			com.cn on September 19,2016.
November 2,2017	Onsite investigation	Organization	Details are disclosed in the investor relationship event record on cninfo com.cn On November 2,2017.
January 1,2017 to December 31,2017	By Phone	Individual	Company telephone records
Reception times	1,456		
Reception agency amount	40		
Reception personal number	1,416		
Number of other objects received	0		
Whether to disclose, reveal or disclose non-public material information	No		

V. Important Events

I. Specification of profit distribution of common shares and capitalizing of common reserves

Formulation, implementation and adjustment of profit distribution policy of common shares especially cash dividend policy during the reporting period

√ Applicable □ Not applicable

Within the report period, the company profit distribution program would be subject to the Articles of Association and the Future 3-year Planning for Shareholders Returns of Tunghsu Optoelectronic Technology Co., Ltd.(2015-2017) strictly, through which, the bonus standards and proportion were definite and clear, relevant decision-making procedures and mechanisms were complete, the independent shareholders fulfilled their duties and played a proper role and the medium and small shareholder had opportunities to express opinions and appeals with practical safeguard of the legal rights and interests thereof.

Special cash dividend policy description	
Whether meets the requirements of the provisions of the articles of association or shareholders' meeting resolutions:	Yes
Whether dividends standard and proportion are clear	Yes
Whether decision making and supervision mechanism for profit distribution are completed	Yes
Whether independent directors perform their duties responsibly and play its due role:	Yes
Whether the Minority shareholders have adequate opportunity to express their views and aspirations and Their legitimate rights and interests have been fully protected	Yes
Whether the Cash dividend policy to adjust or change the conditions and procedures are compliant and transparent	Yes

The profit distribution preplan or proposal and the preplan or proposal of conversion of the capital reserve into share capital in the past three years(with the reporting period inclusive):

In 2015,the company total share of 3,835,000,526 shares on January 31,2016 for base on the Company's total share capital, the Company would distribute cash dividend to all the shareholders at the rate of CNY 0.70 For every 10 shares(including tax) , 0 bonus shares (including tax) and no reserve would be converted into share capital.

In 2016,the company total share of 4,939,928,983 shares on December 31,2016 for base on the Company's total share capital, the Company would distribute cash dividend to all the shareholders at the rate of CNY 0.70 For every 10 shares(including tax) , and no reserve would be converted into share capital.

In 2017, the company total share of 5,730,250,118 shares on December 31, 2017 for base on the Company's total share capital, the Company would distribute cash dividend to all the shareholders at the rate of CNY 0.7 For every 10 shares(including tax) , and no reserve would be converted into share capital.

Dividend distribution of the latest three years

In RMB

Year	Cash dividend (Including Tax)	Net profit attributable to the over of the parent company in the consolidated financial statements	Ratio in net profit attributable to the parent company in the consolidated financial statements	Amount of cash dividends from cash offer to repurchase shares of the funds	Proportion of cash dividends from cash offer to repurchase shares of the funds
2017	401,117,508.26	1,743,666,827.25	23.00%	0.00	0.00%
2016	345,795,028.81	1,303,685,863.90	26.52%	0.00	0.00%
2015	268,450,036.82	1,245,417,797.94	21.56%	0.00	0.00%

In the reporting period, both the Company's profit and the parent company's retained earnings were positive however not cash dividend distribution proposal has been put forward.

☐ Applicable ☒ Not applicable

II. Profit distribution plan and capitalizing of common reserves plan for the Period

☒ Applicable ☐ Not applicable

Bonus shares for every ten shares(Shares)	0
Cash dividend for every ten shares (Yuan)(Tax-included)	0.70
Distribute additional (shares)for 10 shares	0
A total number of shares as the distribution basis(shares)	5,730,250,118
Total cash dividend (Yuan)(Tax-included)	401,117,508.26
Profit dividend (Yuan)	676,010,983.59
Proportion of cash dividend in the distributable profit (%)	100.00%
Cash dividend distribution policy	
When the development stage of the company is a growth period and there is a significant capital expenditure arrangement, that in the profit distribution, cash dividend shall not be less than 20% in proportion.	

III. Commitments to fulfill the situation

1.The fulfilled commitments in the reporting period and under-fulfillment commitments by the end of the reporting period made by the company, shareholder, actual controller, acquirer, director, supervisor, senior management personnel and other related parties.

☒ Applicable ☐ Not applicable

Commitment	Commitment maker	Type	Contents	Time of making commitment	Period of commitment	Fulfillment
Commitment on share reform	Shijiazhuang Baoshi Electronics Group Co., Ltd	Share reduction commitment	If listed companies plans to sell tradable stocks through the bid trading system of Shenzhen Stock Exchange and sell greater than 5% of shares within six months after the first sales, will disclose the contents specified by the Form Guide to Prompt Announcement of Removing Restriction on Sales of Non-tradable Stocks of Listed Companies through the prompt announcement of disclosing sales of listed companies.	March 29,2007	Long-term effective	Under Fulfillment
Commitment in the acquisition report or the report on equity changes						
Commitment made upon the assets replacement	Gong Xin, Han Zhiguo, Huang Jinliang, Li Zhaoting, Liu Wentai, Lu Guihua, Wang Jianqiang, Wang Junming, Wang Lipeng, Wang Zhonghui and Zhang Shuangcai.	Other Commitment	Undertake that faithfully and diligently perform duties and protect the lawful rights and interests of the company and all its shareholders; (2) undertake that not transfer benefits to other units or individuals in gratuitous or unfair conditions and not take any other ways to damage the interests of the company; (3) undertake that curb the position-related consumption behavior; (4) undertake not to use the company's assets to engage in investment or consumption activities that have nothing to do with the performance of the duties; (5) undertake that the remuneration system established by the board of directors or the remuneration and assessment committee is linked to the company's implementation of the returns fill-up measures, and make affirmative vote for the relevant motions of the board of directors and the general meeting of shareholders when participating in the decision; (6) if the company launches the equity incentive policy subsequently, then	June 10,2017	Long-term effective	Under Fulfillment

			<p>undertake that the terms of exercise of the company's equity incentive to be announced are linked to the performance of the company's measures of returns fill-up and make affirmative vote for the relevant motions of the board of directors and the general meeting of shareholders when participating in the decision; (7) If the CSRC or Shenzhen Stock Exchange has different requirements on the commitment made by I to ensure the sound implementation of the returns fill-up measures for the diluted returns at the period caused by this transaction, I shall voluntarily and unconditionally make the commitment in accordance with the requirements of the CSRC or the Shenzhen Stock Exchange. (8) As one of the relevant liability subjects to the returns fill-up measures, I undertake that strictly abide by the above commitment made by I and ensure that the returns-fill-up measures of the Company shall be soundly implemented. I hereby agree to impose relevant penalties or relevant management measures on the Company / I in accordance with the relevant regulations and rules formulated and issued by the securities regulatory authorities such as the CSRC and the Shenzhen Stock Exchange.</p>			
	Tunghsu Group, Li Zhaoting	Other Commitment	<p>Not overstepping its authority to interfere with the company's management activities. (2) Not encroach the interests of the company. (3) If the CSRC or Shenzhen Stock Exchange has different requirements on the commitment made by the Company / I to ensure the sound implementation of the returns fill-up measures for the diluted returns at the period caused by this transaction, the Company / I shall voluntarily and unconditionally make the commitment in accordance with the requirements of the CSRC or the Shenzhen Stock Exchange. (4) As one of the relevant liability subjects to the returns fill-up</p>	June 10, 2017	Long-term effective	Under Fulfillment

			measures, the Company / I undertake that strictly abide by the above commitment made by the Company / I and ensure that the returns fill-up measures of the Company / I can be soundly implemented. If the Company / I violate the above commitments or refuse to fulfill the above commitments, the Company / I hereby agree to impose relevant penalties or relevant management measures on the Company / I in accordance with the relevant regulations and rules formulated and issued by the securities regulatory authorities such as the CSRC and the Shenzhen Stock Exchange.			
	Mianyang Technology City Development Investment (Group) Co., Ltd.; Shanghai Huimao Enterprise Management Co., Ltd.; Sichuan Changhong Electric Appliance Co., Ltd.	Other Commitment	Until the issuance of the statement, the Company has never entered into any acting in concert agreement with any shareholder of Tunghsu Optoelectronic or conducted any act possible to impel several shareholders thereof to exercise their respective rights jointly resulting in the substantial control of Tunghsu Optoelectronic. After the asset reorganization and supporting funds raising, the Company will own shares of Tunghsu Optoelectronic directly and become one shareholder thereof; thus, the Company undertakes hereby to exercise the shareholder's rights independently and not to conclude any acting in concert agreement or reach private consensus on acting in concert with other shareholders of Tunghsu Optoelectronic in the future.	March 20, 2017	Long-term effective	Under Fulfillment
	Tunghsu Group, Li Zhaoting	Other Commitment	1. Whereas Xuhong Optoelectronic owns the legal and valid usage right of the state-owned land, the above-ground structures comply with all applicable laws, the property ownership certificate may be applied and acquired smoothly per laws and the Company/I guarantee to complete formalities related to property ownership certificate acquisition before December 31, 2017; 2. The above-ground structures of	October 26, 2017	Long-term effective	Under Fulfillment

			Xuhong Optoelectronic are owned and used legally by the same and will not influence its production and operation. If Xuhong Optoelectronic suffers any loss including but not limited to the claim of any third party, penalty of the governmental department and influence on the normal production and operation, etc. due to the above-ground structures, all losses and fees caused therefore shall be undertaken and compensated by the Company/I, which shall be remitted into the account designated by Xuhong Optoelectronic within 5 days after receiving the compensation notice sent by the same.			
	Shanghai Huimao Enterprise Management Co., Ltd.	Other Commitment	It shall coordinate and cooperate with Sunlong Bus positively in the ownership certificate application formalities for the property before registration and protect Sunlong Bus from influence of such issue during normal production and operation; otherwise, for any economic loss suffered of Sunlong Bus during operation in the future due to such ownership issue (including but not limited to the penalty on the relevant company by the governmental department, overdue fine and losses for normal production operation interruption due to such issue resolution and correction on relevant property problem, etc.), Shanghai Huimao shall compensate Sunlong Bus in full within 30 days after Tunghsu Optoelectronic Technology Co., Ltd. confirms the actual losses suffered by Sunlong Bus due to such issue above per laws.	October 26, 2017	Long-term effective	Under Fulfillment
	Shanghai Huimao Enterprise Management Co., Ltd.	Other Commitment	For subscription of the supporting raised funds, Tunghsu Group issues <i>Commitment Letter for Subscription Fund Sources</i> and make the following commitment that: 1. all funds used by the Company for subscription of the supporting raised funds are owned by the Company, which are obtained legally	August 10, 2017	Valid period to December 31, 2018	Under Fulfillment

			other than financing through mortgage of the owned shares of the listed companies with the bank and any other financial institution, etc.; 2. the funds used by the Company for subscription of the supporting raised funds are free from encumbrance within a short term (12 months); 3. the funds used by the Company for subscription of the supporting raised funds never come from collection from unspecified objects through public or disguised public way or more than 200 specified objects.			
	Chen Dacheng, Chen Xicheng, Shanghai Huimao Enterprise Management Co., Ltd.; Wang Wenxi, Yao Eqin	Commitments on horizontal competition, related transaction and capital occupation	1. After the transaction, without examination and approval of the decision-making process specified by Tunghsu Optoelectronic (including any subsidiary thereof, similarly hereinafter) per the <i>Company Law</i> , <i>Securities Law</i> and relevant regulations as well as <i>Articles of Association</i> and <i>Connected Transaction Management System</i> , the Company/I and any holding enterprise shall endeavor to avoid any connected transaction with Tunghsu Optoelectronic, will not, based on its own influence on Tunghsu Optoelectronic, seek any right superior to that of any third party in the market in terms of the business cooperation with Tunghsu Optoelectronic or any preferential right on the transaction with the same. 2. If any connected transaction does exist necessarily and inevitably, the Company/I and any holding enterprise will, together with Tunghsu Optoelectronic, enter into an agreement per laws based on principles of equity, fairness and valuable consideration, etc. subject to regulations of China Securities Regulatory Commission (CSRC), Shenzhen Stock Exchange (SZSE) and <i>Articles of Association</i> of Tunghsu Optoelectronic, implement legal process and information disclosure obligation. 3. The Company/I undertake not to trade with Tunghsu Optoelectronic per unfair	March 20, 2017	Long-term effective	Under Fulfillment

			conditions compared with market price or act against the legal interests of Tunghsu Optoelectronic and shareholders thereof through such trade. 4. If Tunghsu Optoelectronic suffers any loss due to the trade against the commitment above, the Company/I shall undertake the compensation liability.			
	Tunghsu Group, Li Zhaoting	Commitments on horizontal competition, related transaction and capital occupation	1. After the transaction and during the association relationship existence between the Company/I and Tunghsu Optoelectronic, without examination and approval of the decision-making process specified by Tunghsu Optoelectronic per the Company Law, Securities Law and relevant regulations as well as Articles of Association and Connected Transaction Management System, the Company/I and any holding enterprise shall endeavor to avoid any connected transaction with Tunghsu Optoelectronic, will not, based on its own influence on the listed company, seek any right superior to that of any third party in the market in terms of the business cooperation with Tunghsu Optoelectronic or any preferential right on the transaction with the same. 2. If any connected transaction does exist necessarily and inevitably, the Company/I and any holding enterprise will, together with Tunghsu Optoelectronic, enter into an agreement per laws based on principles of equity, fairness and valuable consideration, etc. subject to regulations of China Securities Regulatory Commission (CSRC), Shenzhen Stock Exchange (SZSE) and Articles of Association of Tunghsu Optoelectronic, implement legal process and information disclosure obligation. 3. The Company/I undertake not to trade with Tunghsu Optoelectronic per unfair conditions compared with market price or act against the legal interests of Tunghsu Optoelectronic and shareholders thereof	March 20, 2017	Long-term effective	Under Fulfillment

			through such trade. 4. If Tunghsu Optoelectronic suffers any loss due to the trade against the commitment above, the Company/I shall undertake the compensation liability.			
	Chen Dacheng, Chen Xicheng, Shanghai Huimao Enterprise Management Co., Ltd.; Wang Wenxi, Yao Eqin	Commitments on horizontal competition, related transaction and capital occupation	1. As of the date of this statement and commitment, the company/individual and/or other companies that are directly or indirectly controlled by the company/individual shall not compete with Tunghsu Optoelectronic (including its subsidiaries, the same below). 2. The company/individual and other companies controlled by the Company/individual shall not engage in any same or similar business that is competitive with that of Tunghsu Optoelectronic and other companies controlled by it, nor carry out any activities that may impinge on Tunghsu Optoelectronic and other companies controlled by it. If business opportunities obtained by the company/individual and other companies controlled by the company/individual are within the main business scope of Tunghsu Optoelectronic and other companies controlled by it, the company/individual and other companies controlled by the company/individual shall give the opportunities to Tunghsu Optoelectronic and other companies controlled by it.	March 20, 2017	Long-term effective	Under Fulfillment
	Tunghsu Group, Li Zhaoting	Commitments on horizontal competition, related transaction and capital occupation	1. As of the date of this statement and commitment, except for trustee company, the company/individual and/or other companies that are directly or indirectly controlled by the company/individual shall not compete with Tunghsu Optoelectronic. 2. During the period when the company/individual acts as the controlling shareholder/actual controller of Tunghsu Optoelectronic, the company/individual and other companies controlled by the company/individual shall not engage in any	March 20, 2017	Long-term effective	Under Fulfillment

			same or similar business that is competitive with that of Tunghsu Optoelectronic and other companies controlled by it, nor carry out any activities that may impinge on Tunghsu Optoelectronic and other companies controlled by it. If business opportunities obtained by the company/individual and other companies controlled by the company/individual are within the main business scope of Tunghsu Optoelectronic and other companies controlled by it, the company/individual and other companies controlled by the company/ individual shall give the opportunities to Tunghsu Optoelectronic and other companies controlled by it. 3. During the period when the company/ individual acts as the controlling shareholder/actual controller of Tunghsu Optoelectronic, the company/individual shall continue to strictly perform the relevant statements and commitments regarding avoiding competition in the same industry previously made by the company/individual.			
	Tunghsu Group	Performance commitment and compensation arrangements	1. Tunghsu Group promises that if Xu Hong Photoelectric has completed business transaction in 2017, the audited actual net profit of Xu Hong Photoelectric shall not be less than RMB 75 million yuan in 2017, RMB 98 million in 2018 and RMB 115 million in 2019. If Xuhong Photoelectric has failed to complete business transaction in 2017, Tunghsu Group further promises that net profit of Xu Hong Photoelectric shall not be less than RMB 138 million in 2020. 2. If Xu Hong Photoelectric has completed business transaction in 2017, Tunghsu Group shall make up for the profit gap between actual profit accrued as of the end of 2017 (including the current year), 2018 (including 2017), and 2019 (including 2017 and 2018) within the profitability commitment period and cumulative	November 30,2017	Valid period to December 31,2019	Under Fulfillment

			promised net profit for corresponding year by means of shares.			
	Shanghai Huimao Enterprise Management Co., Ltd	Performance commitment and compensation arrangements	1. Shanghai Huimao promises that the audited net profit of Sunlong Bus shall not be less than RMB 300 million in 2017, RMB 400 million in 2018 and RMB 550 million in 2019. 2. During the profit commitment period, if the actual profit accrued as of the end of 2017 (including the current year), 2018 (including 2017), and 2019 (including 2017 and 2018) of Sunlong Bus cannot reach the cumulative promised net profit for corresponding year, Shanghai Huimao shall make a profit compensation for the gap by means of shares. If shares are insufficient to make compensation, Shanghai Huimao shall make up for it in cash.	November 30, 2017	Valid period to December 31, 2019	Under Fulfillment
	Tunghsu Group, Shanghai Huimao Enterprise Management Co., Ltd	Share limited commitment	1. The shares of Tunghsu Optoelectronic acquired by the company due to this asset reorganization shall not be transferred or entrusted to others for management within 36 months from the end of issuance of the shares, nor be repurchased by Tunghsu Optoelectronic upon the request of the company. The shares derived from distribution of stock dividends and increase in capital reserves of the stocks issued to targeted investors of Tunghsu Optoelectronic acquired by company in this transaction shall also meet the requirements of above-mentioned share lockup arrangement. 2. Tunghsu Group promises that if closing price of Tunghsu Optoelectronic' shares is lower than offering price for twenty consecutive trading days within six months after the completion of the transaction, or if closing price at the end of six months after the completion of the transaction is lower than offering price, Tunghsu Group shall automatically extend the lock-up period of shares acquired by Tunghsu Optoelectronic	November 30, 2017	Valid period to November 2020	Under Fulfillment

			due to this asset reorganization for 6 months.			
	Tunghsu Group, Tunghsu Technology Group Co., Ltd., Shjiazhuang Baoshi Group	Share limited commitment	The shares of Tunghsu Optoelectronic held by the Company prior to this transaction shall not be transferred in any way within 12 months after the completion of this transaction, including but not limited to transfer publicly, in block trade or by agreement in the securities market, nor be bought back by Tunghsu Optoelectronic. The increased shares held by Tunghsu Optoelectronic due to bonus shares and conversion into share capital shall also be locked up in accordance with the above lock-in period requirements.	November 30, 2017	Valid period to November 29, 2018	Under Fulfillment
	Mianyang Technology City Development Investment (Group) Co., Ltd.; Sichuan Changhong Electric Appliance Co., Ltd.	Share limited commitment	The shares of Tunghsu Optoelectronic acquired by the company due to this asset reorganization shall not be transferred or entrusted to others for management within 12 months from the end of issuance of the shares, nor be repurchased by Tunghsu Optoelectronic upon the request of the company. The shares derived from distribution of stock dividends and increase in capital reserves of the stocks issued to targeted investors of Tunghsu Optoelectronic acquired by company in this transaction shall also meet the requirements of above-mentioned share lockup arrangement.	November 30, 2017	Valid period to November 29, 2018	Under Fulfillment
	Tunghsu Group	Share limited commitment	The shares of Tunghsu Optoelectronic that are issued for supporting fund raising subscribed by Tunghsu Group shall not be transferred within 36 months from the date of being listed, and after 36 months, the shares shall be transferred in accordance with the relevant regulations of China Securities Regulatory Commission and Shenzhen Stock Exchange.	December 28, 2017	Valid period to December 28, 2020	Under Fulfillment
	Minjia Silver Fund Management Co., Ltd.; Beixin	Share limited commitment	The shares of Tunghsu Optoelectronic subscribed by Minsheng Royal Fund Management Co., Ltd. and Beixin Ruifeng Fund Management Co., Ltd. as specified	December 28, 2017	Valid period to December 28, 2018	Under Fulfillment

	Ruifeng Fund Management Co., Ltd.		target investors shall not be transferred within 12 months from the date of being listed, and after 12 months, the shares shall be transferred in accordance with the relevant regulations of China Securities Regulatory Commission and Shenzhen Stock Exchange.			
Commitments made upon issuance	Li Zhaoting	Commitments on horizontal competition, related transaction and capital occupation	<p>1.From the date of commitment letter issued, except the managed hosting company for Baoshi , this company and majority-owned subsidiaries do not in any way, directly or indirectly engaged in business and Baoshi and its subsidiaries are the same, or similar, future Baoshi shares and its subsidiaries are not engaged in the same or similar businesses.</p> <p>2.The company assurances against the use of precious stones share any act prejudicial to the control relationship of Baoshi interests and its wholly-owned subsidiaries, holding, or causing Baoshi shares and its wholly-owned subsidiaries, holding form business competition decisions. 3. The company will not directly invest, purchase and Baoshi identical or similar business enterprises and projects.</p> <p>4.If the assets owned by the Baoshi . compete with , the company will adopt effective measures and give up the same business. 5. If the company has horizontal competition with Baoshi and lead to lose to it, the company will bear all the responsibilities. 6. Pursuant to relevant conditions of securities supervision, I promise to inject all my holding equity of entrusted company under management by Baoshi Stock into Baoshi Stock. During the period that I am the actual controller of the Baoshi Stock, the promise is a valid commitment.</p>	November 22,2011	Long-term effective	Under Fulfillment
	Tunghsu Group;Shijiazhuang Baoshi	Commitments on horizontal	1.From the date of commitment letter issued, except the managed hosting company for Tunghsu Optoelectronic , this company and majority-owned subsidiaries	April 1, 1 2012	Long-term effective	Under Fulfillment

	Group; Tunghsu Optoelectronic Investment Co.,m Ltd.	competition, related transaction and capital occupation	<p>do not in any way, directly or indirectly engaged in business and Tunghsu Optoelectronic and its subsidiaries are the same, or similar, future Tunghsu Optoelectronic shares and its subsidiaries are not engaged in the same or similar businesses.</p> <p>2.The company assurances against the use of precious stones share any act prejudicial to the control relationship of Tunghsu Optoelectronic interests and its wholly-owned subsidiaries, holding, or causing Tunghsu Optoelectronic shares and its wholly-owned subsidiaries, holding form business competition decisions. 3. The company will not directly invest, purchase and Tunghsu Optoelectronic identical or similar business enterprises and projects.</p> <p>4.If the assets owned by the Tunghsu Optoelectronic . compete with , the company will adopt effective measures and give up the same business. 5. If the company has horizontal competition with Tunghsu Optoelectronic and lead to lose to it, the company will bear all the responsibilities.</p> <p>6. Before December 31, 2015, by way of designated placement, the company will transfer all the shares that Tunghsu Optoelectronic Investment, entrusted to Zhengzhou Xufei company and all the shares that are entrusted to Baoshi Group, to Tunghsu Optoelectronics; Before December 31, 2016, by way of designated placement, the company will transfer all the shares that Tunghsu Group entrusted to Tunghsu Yingkou and Sichuan Xuhong to Tunghsu Optoelectronics. Within the time limit mentioned above, if there were the external factors such as a depression of industry as a whole, or the changes in regulatory requirements, which lead to the result that the shares of hosting company can not meet the requirements of capital investment, Li</p>			
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			Zhaoting, the actual controller, Tunghsu Optoelectronic Investment , Tunghsu Group and Baoshi Group as well as the company will actively negotiate with related parties, continue to entrust the above mentioned shares and the power of management to Tunghsu Optoelectronics. Within the period when the company is still the controlling shareholder of Tunghsu Optoelectronics, the commitments are in effect.			
	Tunghsu Group	Other commitment	<p>In view of:</p> <p>The main business of Tunghsu Optoelectronic is the production of TFT-LCD glass substrate, and the company now is applying for non-public offering of ,bonds (2) Tunghsu Group is the controlling shareholder of Tunghsu Optoelectronic; and during the period of holding, Tunghsu Group has signed patent license contracts separately with Tunghsu Optoelectronic and its subsidiaries including Wuhu Tunghsu Optoelectronic Science and Technology Co., Ltd. (hereinafter referred to as Wuhu Optoelectronic), Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd. (hereinafter referred to as Wuhu Equipment) and Shijiazhuang Tunghsu Optoelectronic Equipment Technology Co., Ltd. (hereinafter referred to as Shijiazhuang Equipment). For this purpose, Tunghsu Group has made following promises: Any patents related to panel display glass substrate not included in the aforesaid Contract on the Licensing of Patent Exploitation obtained by Tunghsu Group in the future, Tunghsu Group shall sign a free contract of licensing the new pertinent patents with the company and the company's subsidiaries (Wuhu Optoelectronic Technology Co.,Ltd, Wuhu Equipment Company and Shijiazhuang Equipment Company) with the same articles of the former patent licensing</p>	February 8,2015	Valid for December 31,2020	Under Fulfillment

			contract. After the company successfully completed the issuance of corporate bonds, whether Tunghsu Group control the company during the duration of the bonds, Tunghsu Group shall renew the patent licensing contract unreserved with the company and the company's subsidiaries (Wuhu Optoelectronic Technology Co.,Ltd, Wuhu Equipment Company and Shijiazhuang Equipment Company) under the company's requirement until the bonds expired.			
	Tunghsu Optoelectronic Technology Co., Ltd.	To raise funds to use the commitment	In view of: Tunghsu Optoelectronic Technology Co., Ltd. is applying for public offering of corporate bonds, and the total scale of bonds will not exceed 1 billion yuan. After the deduction of issue expenses, all the funds raised are planed to be used to supplement the liquidity and support the R&D, production and material purchase of glass substrate and the equipment. Thus, the demands of business operation and expansion in the company will be satisfied. The company promises: 1. The funds raised through the public offering of corporate bonds will not be directly or indirectly invested in real estate development business, or used to increase the capital fund or as loans in subsidiaries engaged in real estate business; 2. the funds raised through the public offering of corporate bonds will not be used for real estate development business in any form.	February 10, 2015	Valid for December 31,2020	Under Fulfillment
	Tunghsu Optoelectronic Investment Co., Ltd.;Baoshi Group	Performance compensation commitment	Tunghsu investment/Baoshi group promised the net profit level of the next three years and profit compensation scheme in respective to Xufei Optoelectronic Technology Co., Ltd and Xuxin Optoelectronic Technology Co., Ltd as follows: The Net profits after deducting non-recurring gain or loss that are attributable to Xufei Optoelectronic	March 2,2015	Valid for December 31,2018	Under Fulfillment

			Technology Co., Ltd in year 2015, year 2016, year 2017, year 2018 shall accordingly be not less than RMB 36,669,800, RMB 84,562,800, RMB 156,531,100, RMB 225,405,200; The Net profits after deducting non-recurring gain or loss that are attributable to Xuxin Optoelectronic Technology Co., Ltd in year 2015, year 2016, year 2017, year 2018 shall accordingly be not less than RMB23,348,800, RMB55,420,500, RMB 86,627,700, RMB 158,345,000. If any year's actual net profits are less than the estimated profits as aforesaid within the compensation period, Tunghsu investment/Baoshi group shall make up the difference in accordance with the aforesaid principles in cash to Tunghsu Optoelectronic Technology Co., Ltd; If the actual net profits are not less than the estimated profits, there is no need for Tunghsu investment / Baoshi group to carry out the compensation. The compensation period includes the year contained the date on which the transaction completed and the subsequent two consecutive accounting years.			
	Tunghsu Group	Other commitment	<p>In view of:</p> <p>(1) The main business of Tunghsu Optoelectronic is the production of TFT-LCD glass substrate, and the company now is applying for non-public offering of stock; (2) Tunghsu Group is the controlling shareholder of Tunghsu Optoelectronic; and during the period of holding, Tunghsu Group has signed patent license contracts separately with Tunghsu Optoelectronic and its subsidiaries including Wuhu Tunghsu Optoelectronic Science and Technology Co., Ltd. (hereinafter referred to as Wuhu Optoelectronic), Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd. (hereinafter referred to as Wuhu Equipment) and Shijiazhuang Tunghsu</p>	June 17, 2015	Long-term effective	Under Fulfillment

			Optoelectronic Equipment Technology Co., Ltd. (hereinafter referred to as Shijiazhuang Equipment). For this purpose, Tunghsu Group has made following promises: within the term of validity involving patent right stated in patent license contracts, whether Tunghsu Optoelectronic is in the control of Tunghsu Group or not, Tunghsu Group promises that when the above mentioned patent license contracts expire, the group will unconditionally renew the contracts with Tunghsu Optoelectronic and its subsidiaries (Wuhu Optoelectronic, Wuhu Equipment, Shijiazhuang Equipment and etc) according to the terms of original contracts based on the requirements of Tunghsu Optoelectronic.			
	Tunghsu Group, Li Zhaoting	Commitments on horizontal competition, related transaction and capital occupation	To avoid the horizontal competition with the issuer, the company's actual controller-Zhaoting, Li and the holding company-Tunghsu Group promised: 1. As of this declaration and from the date of commitment letter issued, except the managed hosting companies, the other companies directly or indirectly controlled by the controller or holding company have no horizontal competitions with Tunghsu Optoelectronic Technology Co., Ltd. 2. Any other companies controlled by the actual controller or holding company shall avoid businesses identical or similar to the company may lead to a competitive relation and cannot do any harm activities to Tunghsu Optoelectronic Technology Co., Ltd and companies controlled by Tunghsu Optoelectronic Technology Co., Ltd as long as there are no alterations of the actual controller and the holding company. Any businesses opportunities under the main business scope of Tunghsu Optoelectronic Technology Co., Ltd and its controlled companies shall not take by the companies controlled by the actual controller or the	Decembert 16, 2015	Long-term effective	Under Fulfillment

			holding company, and the business opportunities shall be given to Tunghsu Optoelectronic Technology Co., Ltd and its controlled companies.3. As long as the actual controller and the holding company are the same, the actual controller and the holding company shall continue to strictly performance the relevant declarations and commitments of avoiding horizontal competition. If I (the company) violated the above commitment, I (the company) will bear all the losses of Tunghsu Optoelectronic and its controlled enterprises arising from this.			
	Tunghsu Group	Other commitment	<p>In order to safeguard the the company's main business of TFT-LCD glass substrate production, the controlling shareholder-Tunghsu Group Co. Ltd made a commitment valid in the period of the company's application for non-public share issuance: given (1) The main business of Tunghsu Optoelectronic Technology Co., Ltd is TFT-LCD glass substrate production, and currently it is applying for non-public share issuance; (2) Tunghsu Group, which is the controlling shareholder of Tunghsu Optoelectronic, respectively signed Patent Licensing Contract with Tunghsu Optoelectronic, Tunghsu Optoelectronic's subsidiaries of Wuhu Tunghsu Optoelectronic Technology Co., Ltd (hereinafter referred to as "Wuhu Optoelectronics"), Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd (hereinafter referred to as "Wuhu Equipment") and Shijiazhuang Tunghsu Optoelectronic Equipment Technology Co., Ltd (hereinafter referred to as "Shijiazhuang Equipment") during the control period. Therefore, Tunghsu Group made a commitment as follows: In the term of validity of the patents involved in the patent licensing contract, whether Tunghsu Group controls Tunghsu Optoelectronic or not,</p>	December 16,2015	Valid for December 31,2030	Under Fulfillment

			after the commitment of the above-said Patent Licensing Contract expired, Tunghsu Group will, according to the requirements by Tunghsu Optoelectronic, unconditionally renew Patent Licensing Contract with Tunghsu Optoelectronic and Tunghsu Optoelectronic's subsidiaries (Wuhu Optoelectronics, Wuhu Equipment and Shijiazhuang Equipment) according to the original contract terms.			
	Tunghsu Group; Changjiang Securities (Shanghai) Asset Management Co., Ltd.; Kunshan Development Zone State Investment Co., Ltd.; Beijing Yingfei Hailin Investment Center (Limited partnership).	Share limited commitment	The company, one of the subscription objects, promised that after Tunghsu Optoelectronic Technology Co., Ltd. completed the non public issuance of shares to the company and specific objects for raising funds, the shares (New shares) issued by Tunghsu Optoelectronic Technology Co., Ltd. and subscribed by the company shall not be transferred to any others in 36 months commenced from the publicly listed date of the new shares. As a result of the issuance of new shares by the Company to the Company, the shareholding of Tunghsu Optoelectronic Co., Ltd. by Tunghsu Optoelectronic Co., Ltd. will also be subject to the above commitments.	December 16, 2015	Valid for December 16, 2018	Under Fulfillment
	Tunghsu Group, Li Zhaoting	Other Commitment	Not act in excess of authority to interfere the company's management and operating activities, not encroach on the interests of the company.	February 6, 2016	Valid for December 31, 2019	Under Fulfillment
	Li Zhaoting, Zhou Bo, Niu Jianlin, Gong Xin, Lu Guihua, Mu Tieshu, Zhang Shuangcai, Shi Zhiqiang, Liu Wentai, Xiao Zhaoxiong and Zhou Bo	Other Commitment	(a) Promised that not freely or unfairly transfer interests to other units or individuals, nor adopt other ways to jeopardize the company's interests. (b) Promised that restrict the post consumer behaviors of the directors and senior management personnel. (c) Promised that not use the company's assets to engage in the investment & consuming activities which are irrelevant to perform the duties. (d) Promised that the salary system set up by the board of directors or the Remuneration Committee is relevant to the	February 6, 2016	Valid for December 31, 2019	Under Fulfillment

			<p>implementation status of the company's fill-up return measures. (e) Promised that the vesting conditions of the company's equity incentive are relevant to the implementation status of the company's fill-up return measures. (f) Promised the full implementation of the relevant fill-up return measures established by the company and any commitment related to the fill-up return measures, if such commitment is breached and resulted in losses to the company or the investors, the concerning party shall take the responsibility for compensating the company or the investors according to the law. As one of the relevant responsibility bodies of the fill-up return measures, if the oneself breaches the above-said commitments or refuse to fulfill the above-said commitments, the oneself agrees the punishments or relevant supervise measures carried out in accordance with the regulations and rules issued or enacted by CSRC, Shenzhen Stock Exchange and other securities regulatory organizations.</p>			
	<p>China Life AMP Asset Management Co., Ltd.; Nuoan Fund Management Co., Ltd.; Penghua Fund Management Co., Ltd.; Qianhai Equity Investment Fund (LP); Sws Mu Fund Management Co., Ltd.; Shenzhen Taianer Information Technology Co.,</p>	<p>Share limited commitment</p>	<p>The subscription of this issue a total of nine, namely Qianhai Equity Investment Fund (LP); AEGON-Industrial Fund, Shenzhen Taianer Information Technology Co., Ltd., Penghua Fund Management Co., Ltd.; China Fund Management Co., Ltd., China Life AMP Asset Management Co., Ltd., Nuoan Fund Management Co., Ltd., Zhongou STAS Asset Management (Shanghai) Co., Ltd. And Sws Mu Fund Management Co., Ltd. The aforesaid issuer has issued the following commitments on the non-public issue of shares: The allocated shares shall not be transferred within 12 months from the date of listing of the new shares and apply for new shares in the new shares within 12 months Increase the shares to lock.</p>	<p>August 26, 2016</p>	<p>Valid for August 25, 2017</p>	<p>Under Fulfillment</p>

	Ltd.; AEGON-Industrial Fund.; Zhongou STAS Asset Management(Shanghai)Co., Ltd; CITIC Fund Management Co., Ltd..					
	Tunghsu Group	Commitments on horizontal competition, related transaction and capital occupation	Before June 30, 2018, the entire equity of Tunghsu Yingkou, which is held by Tunghsu Group and is entrusted to the company's management, will be injected into Tunghsu Optoelectronic through cash purchase and add-directional share issuance. During the above-mentioned period, if external factors such as the decline in the overall prosperity of the industry, changes in regulatory requirements, and other external factors lead to Tunghsu Yingkou equity not meeting the conditions for asset injection, the actual controllers Li Zhaoting and Tunghsu Group will actively consult with relevant parties and continue to entrust the equity and operating right of the above-said company to Tunghsu Optoelectronic.	December 14, 2017	Valid for June 30, 2018-	Under Fulfillment
Other commitments made to minority shareholders	Jixing New Material Investment (HK) Co., Ltd. ; Wang Lubao	Performance commitment and compensation arrangements	Jixing New Material Investment (HK) Co., Ltd. and Lubao, Wang (The legal representative of the company (HK)) jointly promised that the net profits after tax attributable to Jixing New Material Investment Co., Ltd in year 2015, year 2016, year 2017 shall accordingly be not less than RMB30, 000,000, RMB60,000,000, RMB 100,000,000. If the net profits attributable to Jixing New Material Investment Co., Ltd after audited in any year of year 2015, year 2016 and year 2017 are less than the promised net profits, the difference shall be compensated	January 20, 2015	Long-term effective	Under Fulfillment

			by Jixing New Material Investment (HK) Co., Ltd. and Lubao, Wang in cash.			
	Guo Shouwu, Ma Shengjie, Wu Haixia, Shen Wenzhuo and Shen Li	Performance commitment and compensation arrangements	To ensure Tunghsu Optoelectronic Technology Co., Ltd realizing expected benefits on the M&A of Shanghai Tanyuan Huigu New Materials Technology Co., Ltd, the promisee voluntarily promised the profits of Shanghai Tanyuan Huigu New Materials Technology Co., Ltd for the next three years as follows: (a) Business performance commitment: the net profits of Shanghai Tanyuan Huigu New Materials Technology Co., Ltd in year-2016, year-2017, year-2018 shall accordingly not be less than RMB 5 million, RMB 10 million, RMB 20 million. (b) Compensation mode: if the net profits of Shanghai Tanyuan Huigu New Materials Technology Co., Ltd in year-2016, year-2017, year-2018 accordingly do not reach the promised net profits, the promised party shall fully compensate the difference by cash.	March 8,2016	Valid for December 31,2019	Under Fulfillment
	Beijing Heyiyou Investment Partnership(LP);Chen Wei, Jiang Wei, Jin Xiuzhen, Li Honglei, Qian Xinming, Wang Yingchao and Zhu Lei.	Performance commitment and compensation arrangements	All eight shareholders of Ming Shuo (Beijing) Electronic Technology Co., Ltd namely Chen Wei, Zhu Lei, Wang Yingchao, Jin Xiuzhen, Jiang Wei, Li Honglei, Beijing He Yiyu Investment Partnership (limited partnership) and Qian Xinming voluntarily make the commitment for the profits of the next three years of Ming Shuo (Beijing) Electronic Technology Co., Ltd and such commitment is as follows: The audited net profits after tax in 2017, 2018 and 2019 (determined by the lower principle after the deduction of non recurring gains and losses) are no less than RMB 10.5 million, RMB 20 million and RMB 40 million respectively.	May 11,2017	Valid for June 30,2020	Under Fulfillment
	Tunghsu Group	Share holdings commitment	The controlling shareholder of the company, Tunghsu Group, has announced its plan of increasing its holding of shares not less than 1% and not exceeding 3% of the company's current total share capital via buying	February 2,2018	Valid for August 2,2018	Under Fulfillment

			through the Shenzhen Stock Exchange trading system (i.e. the secondary market) with not less than RMB 500 million and not exceeding RMB1.5 billion in the next six months since the date of the announcement (February 2, 2018). Tunghsu Group promised not to reduce the holdings of the company's shares during the implementation period of this plan of increasing share-holding and during the statutory period.			
Executed timely or not?	Yes					
If the commitment has not been implemented at the end of the reporting period, it is necessary to explain the specific reason of failure in implementation and the future work plan.	Not applicable					

2.The existence of the company's assets or projects earnings forecasts and earnings reporting period is still in the forecast period, the company has assets or projects meet the original profit forecast made and the reasons explained

☒Applicable ☐Not applicable

Asset or Project Name of Earnings Forecast	Start date of the forecasting period	End date of the forecasting period	Forecast earnings	Actual earnings	Reason for less than forecast	Disclosure date of the Forecast	Reference for the Forecast
Zhengzhou Xuwei Optoelectronic Technology Co., Ltd.	January 1,2017	December 31,2017	15,653.11	18,009.77	Completed	March 2,2015	Pre-program for Private-offering A Shares of Tunghsu Optoelectronic Technology Co.,

							Ltd. in 2015 (revised version) as published on cninfo.com.cn
Shijiazhuang Xuxin Optoelectronic Technology Co., Ltd.	January 1,2017	December 31,2017	8,662.77	8,831.52	Completed	March 2,2015	Pre-program for Private-offering A Shares of Tunghsu Optoelectronic Technology Co., Ltd. in 2015 (revised version) as published on cninfo.com.cn
Jiangsu Jixing New Material Co., Ltd.	January 1,2017	December 31,2017	10,000	10,792.5	Completed	January 20,2015	Disclosed on cninfo.com.cn.(20 15-004)
Shanghai Tanyuan Huigu New Material Technology Co., Ltd.	January 1,2017	December 31,2017	1,000	2,382.73	Completed	March 9,2016	Disclosed on cninfo.com.cn.(20 16-030)
Shanghai Sunlong Bus Co., Ltd.	January 1,2017	December 31,2017	30,000	30,516.11	Completed	March 21,2017	Tunghsu Optoelectronic Technology Co., Ltd. Issued shares, paid cash to buy assets and raised supporting funds and related party transactions as published on cninfo.com.cn
Sichuan Xuhong Optoelectronic Technology Co., Ltd.	January 1,2017	December 31,2017	7,500	8,761.69	Completed	March 21,2017	Tunghsu Optoelectronic Technology Co., Ltd. Issued shares, paid cash to buy assets and raised supporting funds and related party transactions as published on

							cninfo.com.cn
Mingshuo (Beijing) Electronic Technology Co., Ltd.	January 1, 2017	December 31, 2017	1,050	1,260.61	Completed	May 11, 2017	Disclosed on cninfo.com.cn.(20 17-047)

The commitments of the operating earnings made by the company's shareholder and relevant transaction parties
☒Applicable ☐Not applicable

All commitments made by the company's shareholders and counterparties to the company's related assets or projects for the operating performance in the reporting year have been fully completed, as detailed in the table above.

IV. Particulars about the non-operating occupation of funds by the controlling shareholder

☐ Applicable ☒ Not applicable

Nil

V. Explanation of the Supervisory Committee and Independent Directors (If applicable) on the Qualified Auditor's Report Issued by the CPAs.

☐ Applicable ☒ Not applicable

VI. Explain change of the accounting policy, accounting estimate and measurement methods as compared with the financial reporting of last year.

☒ Applicable ☐ Not applicable

(1) Changes in accounting policies

① Accounting policy changes due to the implementation of the new Accounting Standards for Business Enterprises

a. On April 28, 2017, the Ministry of Finance issued the "No. 42 Accounting Standard for Business Enterprises-Non-current Assets for Sale, Disposal Group, and Termination of Operation" (Cai Hui (2017) No. 13), effective from May 28th 2017, and that the future applicable law is required for the non-current assets held for sale, disposal group and termination of operation existed on the effective date.

b. On May 10, 2017, the Ministry of Finance issued the Accounting Standards for Business Enterprises No. 16 – Governmental Subsidy (Revised in 2017) (CH (2017) No. 15), which will take effect on June 12, 2017. The governmental subsidy existed on January 1, 2017 will be handled by prospective application, and the governmental subsidy newly added between January 1, 2017 and the implementation date of this Code will be adjusted in accordance with the Code.

c. On December 25, 2017, the Ministry of Finance issued the Notice on the Issuance of the Revised Format of Financial Statements for General Enterprises (Caihui [2017] No. 30), which is applicable to the preparation of financial statements for the 2017 and subsequent periods.

The impact of the Company's implementation of the above three accounting policies on the presentation of the items and amounts in the previous financial statements is as follows:

In RMB

No	Basis for change in accounting policy	Name of report item affected	Impact of increase +/- decrease- in the amount in 2016
1	CK [2017] No. 30	Non-operating income	-34,237.22
		Non-operating expenses	-1,435.20
		Assets disposal income	+32,802.02

(2) Changes in accounting estimates

There are no changes in accounting estimates during the current period.

VII. Explain retrospective restatement due to correction of significant accounting errors in the reporting period

☐Applicable ☒Not applicable

Nil

VIII. Explain change of the consolidation scope as compared with the financial reporting of last year.

☒Applicable ☐Not applicable

1. Enterprise consolidation not under the same control in reporting period

In RMB								
Name of Acquirer	Time-point of Obtained Equity	Obtained Cost of Equity	Ratio of Obtained Equity (100%)	Method of Obtained Equity	Purchasing Date	Determination Basis on the Purchasing Date	Income of Acquire from the Purchasing Date to the End of the Period	Net Profit of Acquire from the Purchasing Date to the End of the Period
Mingshuo (Beijing) Electronic Technology Co., Ltd.	2017.5.31	5,714.29	36.36	Enterprise consolidation not under the same control	2017.5.31	Acquisition of control	4,979.56	1,813.62
Chuanglian Huatai(HK) Co., Ltd.	2017.1.1		100	Enterprise consolidation not under the same control	2017.1.1	Acquisition of control	113,622.37	1,151.02
Tianlong Huatai	2017.1.1		100	Enterprise consolidation	2017.1.1	Acquisition of control		

Industry (HK) Co., Ltd.				ion not under the same control				
Tunghsu Xuhua(International) Equipment Co., Ltd.	2017.1.1	10.02	55	Enterprise consolidat ion not under the same control	2017.1.1	Acquisition of control	0.13	-90.68
Shanghai Sunlong Bus Co., Ltd.	2017.10.2 6	300,000.0 0	100	Enterprise consolidat ion not under the same control	2017.10.2 6	Acquisition of control	251,342.5 8	22,059.13
Suzhou Tengda Optical Technology Co., Ltd.	2017.7.10	11,500.00	100	Enterprise consolidat ion not under the same control	2017.7.10	Acquisition of control	14,548.78	2,143.66
Chenzhou Hongcheng Public Transport Construction Developmen t Co., Ltd.	2017.9.20	1,000.00	57	Enterprise consolidat ion not under the same control	2017.9.20	Acquisition of control		-82.89
Daosui Group Engineering Co., Ltd.	2017.12.1	10,446.86	51	Enterprise consolidat ion not under the same control	2017.12.1	Acquisition of control	31,483.86	383.06
Ningbo Xude Technology Co., Ltd.	2017.12.3 1	485	100	Enterprise consolidat ion not under the same control	2017.12.3 1	Acquisition of control		

2. Business combination under the same control

In RMB

Combi ned party	Propor tion of the profits	Basis	Combinatio n date	Recogniti on basis of combinati on date	Combin ed party	Income of the combined party from the beginning of the year to the date of the merger	Net profit of the combined party from the beginning of the year to the date of the merger	Income of the merged party during the compari son period	Net profit of the combined party during the period of compariso n
Cheng du Tungh su Intelli gent Techn ology Co., Ltd.	100	Controlled by Li Zhaoting The ultimate controller	November 16	Pay considerat ion and complete industrial and commerci al change registratio n	Chengd u Tunghsu Intellige nt Technol ogy Co., Ltd.	264,977,513 .73	-11,025,6 54.14	337,652, 393.44	21,463,46 7.86
Sichua n Xuhon g Optoele ctroni c Techn ology Co., Ltd.	100	Controlled by Li Zhaoting The ultimate controller	October 26,	Pay considerat ion and complete industrial and commerci al change registratio n	Sichuan Xuhong Optoele ctronic Technol ogy Co., Ltd.	372,820,156 .08	90,116,10 0.98	399,663, 708.85	48,839,79 5.67

3. New Important subsidiaries in this period

On April 26, 2017, Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd. and Changsha Shunyan Management Firm (limited partnership) and Liu Xuehua jointly set up Hunan Tunghsu Wei Sheng Intelligent Technology Co., Ltd, with the registered capital of RMB 50 million, of which Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd subscribed RMB 25.5 million , Changsha Shunyan Administration Enterprise (LP) Subscribed RMB 17 million and Liu Xuehua subscribed RMB 7.5 million, and the paid-up capital was RMB 50 million;

On April 26, 2017, the subsidiary-Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd and Liu Haijun and Liao Shaoye jointly set up Hunan Tunghsu Deilai Electronic Technology Co., Ltd, With the Registered capital of RMB 50 million, of which Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd. subscribed RMB 25.5 million, Liu Haijun Subscribed RMB 17 million and Liao Shaoye subscribed RMB 7.5 million, and the paid-up capital was RMB 50 million;

On April 18, 2017, the subsidiary- Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd, Changsha Wenchao Administration Enterprise (LP) and Ning Yongchao jointly set up Wuhu Tunghsu Weiyu Medical apparatus Technology Co., Ltd, the Registered capital of RMB 100 million, of which Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd subscribed RMB 51 million, Changsha Wenchao Administration Enterprise (LP) subscribed RMB 34 million and Ning Yongchao subscribed RMB 15 million, and the paid-up capital was RMB 100 million;

On September 20, 2017, Suzhou Tengda Optics Technology Co., Ltd, set up a wholly-owned subsidiary-Chongqing Xufu Optoelectronic Technology Co., Ltd, with the registered capital of RMB 20 million and the paid-up capital of RMB 20 million.

On September 22, 2017, Chenzhou Hongsheng Public Transport Construction and Development Co., Ltd. and Chenzhou Wanli Construction Investment Co., Ltd. jointly established Chenzhou Xuhong Transportation and Transportation Construction Co., Ltd., with the registered capital of RMB 70 million and the paid-up capital of RMB30 million.in which Chenzhou Hongsheng Public Transport Construction and Development Co., Ltd. holds 90% of the equity.

On December 5, 2017, Shanghai Sunlong Bus Co., Ltd, set up a wholly-owned subsidiary-Zhangjiakou Sunlong New Energy automobile sale Co., Ltd, with the registered capital of RMB 1 million and the paid-up capital of RMB 0.00 million.

IX. Engagement/Disengagement of CPAs

CPAs currently engaged

Name of the domestic CPAs	Hebei Guanghua Accounting Firms Co., Ltd.(Special General Partnership)
Remuneration for domestic accounting firm (RMB'0000)	285
Continuous life of auditing service for domestic accounting firm	5
Name of domestic CPA	Qi Zhenghua, Meing Xiaoguang
Continuous life of auditing service for domestic accounting firm	5

Has the CPAs been changed in the current period

☐ Yes ☒ No

CPAs firm for the internal control audit

☒ applicable ☐ Not applicable

In the reporting period , the company engaged BDO China Shu Lun Pan Certified Public Accountants LLP as the internal control audit accounting firm.

2.In the year, due to the issuance of shares and paying cash and raising matching funds, the company engaged ZTF Securities Co., Ltd as the financial advisor

X. Situation of Facing Listing Suspension and Listing Termination after the Disclosure of the Yearly Report

☐ Applicable ☒ Not applicable

XI. Relevant Matters of Bankruptcy Reorganization

☐Applicable ☒ Not applicable

Nil

XII. Matters of Important Lawsuit and Arbitration

☐Applicable ☒ Not applicable

Nil

XIII. Situation of Punishment and Rectification

☐Applicable ☒ Not applicable

Nil

XIV. Credit Condition of the Company and its Controlling Shareholders and Actual Controllers

☐Applicable ☒ Not applicable

XV. Implementation Situation of Stock Incentive Plan of the Company, Employee Stock Ownership Plan or Other Employee Incentive Measures

☒Applicable ☐ Not applicable

1. The scale of Phase 1 for Employee Stock Ownership Plan of Tunghsu Optoelectronic was 495.4 million RMB, subscribing 72,639,296 of non-publicly issued shares of 2015 with full amount through No.2 Changjiang Xingli Oriented Plan, where the above shares were listed in SSE on December 17, 2015, which was with 36-month locking period.

The employee stock ownership plan is still locked in the reporting period

2. The company's 19th meeting of the eighth Boards of Directors and the 5th extraordinary 2017 shareholders' general meetings deliberated and approved the "Proposal on the Second Employee Stock Ownership Plan (Draft) of Tunghsu Optoelectronic Technology Co., Ltd and its Abstract", agreed the company to implement the Second Employee Stock Ownership Plan. The second ESOP is intended for directors, supervisors, senior managers, and regular employees of the company and its subsidiaries who meet the criteria. The company's second ESOP, via Zhonghai Trust-Tunghsu Optoelectronic ESOP Collective Funds Trust Plan, in the secondary market bought 52,555,280 shares of the company by centralized bidding and/or bulk trading, with transaction amount of RMB 496,410,000 and the average transaction price of about 9.45 yuan per share. The buying has been completed as of December 28th 2017 and the ownership has been transferred into the name of the Collective Funds Trust Plan, with a lock-in period of 12 months.

XVI. Material related transactions

1. Related transactions in connection with daily operation

☒ Applicable ☐ Not applicable

Related parties	Relationship	Type of trade	Subjects of the related transactions	Principle of pricing the related transactions	Price of trade	Amount of trade RMB0'000	Ratio in similar trades	Trading limit approved	Whether over the approved	Way of payment	Market price of similar trade available	Date of disclosure	Index of information disclosure
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								(RMB '0000)	d limited or not (Y/N)				
Shijiazhuang Baoshi Group Co., Ltd.	Controlled by the same actual controller	Commodity purchased/labor service received	Energy	Reference price setting	79.28	79.28		150	No	Currency	79.28	April 29, 2017	
Shijiazhuang Bofa Mechanical Equipment Co., Ltd.	Controlled by the same actual controller	Commodity purchased/labor service received	Machining parts, processing fees and a frame	Reference price setting	56.84	56.84		3,500	No	Currency	56.84	April 29, 2017	
Shijiazhuang Baoshi Group Co., Ltd.	Controlled by the same actual controller	Commodity purchased/labor service received	Security charge	Reference price setting	63.08	63.08		100	No	Currency	63.08	April 29, 2017	
Shijiazhuang Baoshi Zhonghe Steel Plastic Shape Co., Ltd.	Controlled by the same actual controller	Commodity purchased/labor service received	Door	Reference price setting	28.97	28.97		100	No	Currency	28.97	April 29, 2017	
Tunghsu (Yingkou) Optoelectronic Display Co., Ltd.	Controlled by the same actual controller	Commodity purchased/labor service received	Glass substrate	Reference price setting	3,034.88	3,034.88		5,500	No	Currency	3,034.88	April 29, 2017	
Yinchuan Fengxia	Controlled by	Selling goods	Construction	Reference price	33,675.	33,675.		30,000	Yes	Currency	33,675.	April	

ng Compre hensive Construc tion Manage ment Co., Ltd.	the same actual controll er	and providin g services	Enginee ring	setting	55	55				y	55	29,2017	
Yichan Xuhua Park Construct ion Develop ment Co., Ltd.	Controll ed by the same actual controll er	Selling goods and providin g services	Constru ction Enginee ring	Referen ce price setting	4,157.4 5	4,157.4 5		28,000	No	Currenc y	4,157.4 5	April 29,2017	
Shijiazhu ang Bofa Mechanic al Equipmen t Co., Ltd.	Controll ed by the same actual controll er	Selling goods and providin g services	Sales A frame	Referen ce price setting	728.59	728.59		1,000	No	Currenc y	728.59	April 29,2017	
Kunming Tunghsu Qiming Investm ent Develop ment Co., Ltd.	Controll ed by the same actual controll er	Selling goods and providin g services	Constru ction Enginee ring	Referen ce price setting	5,762.8 3	5,762.8 3		45,056. 21	No	Currenc y	5,762.8 3	April 29,2017	
Jinzhong Xulong New Manteral Co., Ltd.	Controll ed by the same actual controll er	Selling goods and providin g services	Constru ction Enginee ring	Referen ce price setting	233.42	233.42		400	No	Currenc y	233.42	April 29,2017	
Guangdo ng Huakai Real Estate	Controll ed by the same actual	Selling goods and providin g	Constru ction Enginee ring	Referen ce price setting	5,023.2 0	5,023.2		9,528	No	Currenc y	5,023.2 0	April 29,2017	

Development Co., Ltd.	controller	services											
Tunghsu Group	Parent Company	Selling goods and providing services	trustee fee	Reference price setting	86.48	86.48		100	No	Currency	86.48	April 29, 2017	
Tunghsu (Yingkou) Optoelectronic Display Co., Ltd.	Controlled by the same actual controller	Selling goods and providing services	Sales materials	Reference price setting	14.22	14.22		1,100	No	Currency	14.22	April 29, 2017	
Tunghsu (Yingkou) Optoelectronic Display Co., Ltd.	Controlled by the same actual controller	Selling goods and providing services	Glass substrate semi-finished product	Reference price setting	2,840.08	2,840.08		3,200	No	Currency	2,840.08	April 29, 2017	
Tunghsu (Yingkou) Optoelectronic Display Co., Ltd.	Controlled by the same actual controller	Selling goods and providing services	Glass substrate finished product	Reference price setting	843.27	843.27		5,500	No	Currency	843.27	April 29, 2017	
Tunghsu (Yingkou) Optoelectronic Display Co., Ltd.	Controlled by the same actual controller	Selling goods and providing services	Sales A frame	Reference price setting	762.82	762.82		1,000	No	Currency	762.82	April 29, 2017	
Tunghsu (Yingkou)	Controlled by the	Selling goods and	trustee fee	Reference price setting	94.34	94.34		500	No	Currency	94.34	April 29, 2017	

Optoelectronic Display Co., Ltd.	same actual controller	providing services											
Total				--	--	57,485.3	--	134,734.21	--	--	--	--	--
Details of any sales return of a large amount				Nil									
Give the actual situation in the report period where a forecast had been made for the total amounts of routine related-party transactions by type to occur in the current period(if any)				Nil									
Reason for any significant difference between the transaction price and the market reference price (if applicable)				Nil									

2. Related-party transactions arising from asset acquisition or sale

☐ Applicable ☒ Not applicable

Nil

3. Related-party transactions with joint investments

☐ Applicable ☒ Not applicable

Nil

4. Credits and liabilities with related parties

☒ Applicable ☐ Not applicable

Was there any non-operating credit or liability with any related party?

☐ Yes ☒ No

Nil

5. Other significant related-party transactions

☐ Applicable ☒ Not applicable

Nil

XVII. Particulars about significant contracts and their fulfillment

1. Particulars about trusteeship, contract and lease

(1) Trusteeship

☒ Applicable ☐ Not applicable

Description of custodies

During the reporting period, the Company continued entrusted with the management of Tunghsu(Yingkou) Optoelectronic Display Co., Ltd.

In December 2011, Tunghsu Group Co., Ltd. signed Equity Custody Agreement with the Company, and it holds 60% equity agreement of Tunghsu (Yingkou) Optoelectronics Display Co., Ltd., which comes into force from March 2012. The entrusting party pays the Company management fees of RMB 500,000 per year for each of the custody subject.

See details in the table below:

Name of Clients/Contractee	Name of Trustee/Contractee	Type of Entrusting Asset/Contracting Asset	Starting Date of Entrusting /Contracting	Expiration Date of Entrusting /Contracting	Confirmed Entrusting /Contracting Fee at the Current Period
Tunghsu Group, Yingkou Coastal Development Construction Co., Ltd. Minmetals (Yingkou) Industrial Park Development Co., Ltd.	Tunghsu Optoelectronic Technology Co., Ltd.	Management Right of Tunghsu(Yingkou) Optoelectronic Display Co., Ltd.	January 2012	Notes 1	1,500,000.00
Tunghsu Group	Tunghsu Optoelectronic Technology Co., Ltd.	Management Right of Sichuan Xuhong Optoelectronic Technology Co., Ltd.	March 2012	Notes 2	500,000.00
Total					2,000,000.00

Notes 1: The trustee fee includes share right trustee fee(500 thousand Yuan/year) and operation trustee fee. The operation trustee fee is basic management fee and incentive management fee, of which the basic management fee is 1 million Yuan/year, the incentive management fee is counted by 5% of the after-tax net profit yearly achieved by the trustee company(the base of the incentive management fee deducts the loss of the previous year.)

Notes 2: The trustee fee includes share right trustee fee(500 thousand Yuan/year) and operation trustee fee. The operation trustee fee is basic management fee and incentive management fee, of which the basic management fee is 1 million Yuan/year, the incentive management fee is counted by 5% of the after-tax net profit yearly achieved by the trustee company

Notes 3: On April 20, 2016, Tunghsu (Yingkou) Optoelectronic Display Co., Ltd, upon the approval by general shareholders' meeting, amended the Article of Association, thus the stake of Tunghsu (Yingkou) Optoelectronic Display Co., Ltd held by Dong Xu Group was changed to 47.8% from 60%.

Items which resulted in profit or loss achieving over 10% of the total profit for the Company

☐ Applicable ☒ Not applicable

Nil

(2) Contract

☐ Applicable ☒ Not applicable

Nil

(3) Lease

☐ Applicable ☒ Not applicable

Nil

2. Guarantees

☒ Applicable ☐ Not applicable

(1) Guarantees

In RMB'0000

Guarantee of the Company for the controlling subsidiaries (Exclude controlled subsidiaries)								
Name of the Company	Relevant disclosure date/No. of the guaranteed amount	Amount of Guarantee	Date of happening (Date of signing agreement)	Actual mount of guarantee	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
Guarantee of the Company for the controlling subsidiaries								
Name of the Company guaranteed	Relevant disclosure date/No. of the guaranteed amount	Amount of guarantee	Date of happening (Date of signing agreement)	Actual mount of guarantee	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for associated parties (Yes or no)
Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd.	June 20, 2013	150,000	September 25, 2014	41,000	The joint liability guaranty	Two years from the date of advance of the loan due date	No	No
Wuhu Tunghsu Optoelectronic Technology Co., Ltd.	June 19, 2013	132,000	November 12, 2013	85,000	The joint liability guaranty	8 years	No	No
Wuhu Tunghsu Optoelectronic Technology Co., Ltd.	September 27, 2013	10,000	December 13, 2013	10,000	The joint liability guaranty	8 years	No	No
Wuhu Tunghsu Optoelectronic Technology Co., Ltd.	September 27, 2013	10,000	December 19, 2013		The joint liability guaranty	8 years	No	No
Wuhu Tunghsu Optoelectronic Technology Co., Ltd.	September 27, 2013	20,000	February 19, 2014	5,000	The joint liability guaranty	8 years	No	No
Wuhu Tunghsu	September	10,000	February	10,000	The joint	8 years	No	No

Optoelectronic Technology Co., Ltd.	27,2013		25,2014		liability guaranty			
Wuhu Tunghsu Optoelectronic Technology Co., Ltd.	September 27,2013	20,000	April 8,2014	20,000	The joint liability guaranty	8 years	No	No
Wuhu Tunghsu Optoelectronic Technology Co., Ltd.	September 27,2013	20,000	May 6,2014	20,000	The joint liability guaranty	8 years	No	No
Wuhu Tunghsu Optoelectronic Technology Co., Ltd.	October 31,2016	52,300	November 25,2016	52,300	The joint liability guaranty	6 years	No	No
Fuzhou Tunghsu Optoelectronic Technology Co., Ltd.	July 29,2016	10,000	August 16,2016	10,000	The joint liability guaranty	2 years	No	No
Wuhu Tunghsu Optoelectronic Technology Co., Ltd.	December 26,2017	6,000	February 23,2017	6,000	The joint liability guaranty	1 year	No	No
Wuhu Tunghsu Optoelectronic Technology Co., Ltd.	April 1,2016	7,500	May 31,2017	7,500	The joint liability guaranty	1 year	No	No
Wuhu Tunghsu Optoelectronic Technology Co., Ltd.	August 11,2017	15,000	June 26,2017	15,000	The joint liability guaranty	1 year	No	No
Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd.	August 11,2017	15,700	June 26,2017	15,700	The joint liability guaranty	1 year	No	No
Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd.	July 1,2016	9,500	September 7,2017	9,500	The joint liability guaranty	1 year	No	No
Total of guarantee for subsidiaries approved in the Period (B1)		195,700		Total of actual guarantee for subsidiaries in the Period (B2)		53,700		
Total of guarantee for subsidiaries approved at Period-end (B3)		488,000		Total of actual guarantee for subsidiaries at Period-end (B4)		307,000		
Guarantee of the subsidiaries for the controlling subsidiaries								
Name of the Company	Relevant disclosure	Amount of	Date of happening	Actual mount of	Guarantee type	Guarantee term	Complete implemen	Guarante e

guaranteed	date/No. of the guaranteed amount	guarantee	(Date o signing agreement)	guarantee			tation or not	for associate d parties (Yes or no)
The Company's total guarantee(i.e.total of the first three main items)								
Total guarantee quota approved in the reporting period (A1+B1+C1)		195,700		Total amount of guarantee actually incurred in the reporting period (A2+B2+C2)				53,700
Total guarantee quota already approved at the end of the reporting period (A3+B3+C3)		488,000		Total balance of the actual guarantee at the end of the reporting period (A4+B4+C4)				307,000
The proportion of the total amount of actually guarantee in the net assets of the Company (that is A4+B4+C4) %								9.93%
Including:								
The debts guarantee amount provided for the Guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly (E)								66,200

Description of the guarantee with complex method

(2) Illegal providing of external guarantees

☐ Applicable ☒ Not applicable

No illegal providing of external guarantees in the report period.

3.Situation of Entrusting Others for Managing Spot Asset

(1)Situation of Entrusted Finance

☒ Applicable ☐ Not applicable

Overview of entrusted wealth-management during the reporting period

In RMB'0000

Specific type	Source of funds for entrusting wealth management	Entrusted wealth-management amount	Undue Balance	Un-recovered of overdue amount
Bank financial products	Funds raised specifically for cash management	200,000	122,000	0
Total		200,000	122,000	0

Entrust financial expected to be unable to recover the principal or impairment might be occurred

☐ Applicable ☒ Not applicable

(2) Situation of Entrusted Loans

☐ Applicable ☒ Not applicable

Nil

4. Other significant contract

☐ Applicable ☒ Not applicable

Nil

XVIII. Social responsibilities

1. Performance of poverty relieving responsibilities

See the Corporate Social Responsibility Report disclosed by the Company on the same day for details.

2. Fulfilling the Social responsibility of Precision Poverty Alleviation

Annual Precision Poverty Alleviation Summary

1) .In July 2017, Shanxi Province Jinsui Cultural and Educational Development Foundation has set up the special commonweal fund "Special fund for Assistance of School Learn and Realizing Dreams ", which is the Going-school assistance commonweal fund specifically used for helping the fresh high-school graduates who have passed the graduation-year college entrance examination and would enter the college & universities from martyrs families and poor families in the old revolutionary base areas of Shanxi Jinsui. In July 2017, Shanxi Province Jinsui Cultural and Educational Development Foundation has set up the special commonweal fund "Special fund for Assistance of School Learn and Realizing Dreams ", which is the Going-school assistance commonweal fund specifically used for helping the fresh high-school graduates who have passed the graduation-year college entrance examination and would enter the college & universities from martyrs families and poor families in the old revolutionary base areas of Shanxi Jinsui.

2) . On February 2, 2018, Dongxu Optoelectronics donated the first batch of 300 sets of graphene heaters to Fuping County Hebei Province for helping to realize the purpose of clean heating in winter. Meantime, it also donated the books with the value worth 200,000 yuan. This donation is only the first pilot project, and the scope of donation will be appropriately expanded in the later period according to the operation conditions.

3) . On February 8, 2018, Dongxu Optoelectronics donated 530 sets of graphene heaters-worth RMB 890,400 and the books of value worth RMB 0.2 million to Gonghui Town Central Primary School of Zhangbei County Hebei Province and the Hao Jia Ying Central Geracomium for giving a warmth to the elementary school students and the lone old people in the winter, which also was a small contribution of the Company to the primary and secondary education.

3. Information on environmental protection

Listed company and its subsidiary belongs to the key pollution enterprise listed by Department of Environmental Protection

No

The Company and its subsidiaries do not belong to the key pollutant discharge units announced by the environmental protection department.

XIX. Explanation on other significant events

☐ Applicable ☒ Not applicable

Nil

XX. Material issues of the subsidiaries

☐ Applicable ☒ Not applicable

VI. Change of share capital and shareholding of Principal Shareholders

1. Changes in share capital

In Shares

	Before the change		Increase/decrease (+, -)					After the Change	
	Amount	Proportion	Share allotment	Bonus shares	Capitalization of common reserve fund	Other	Subtotal	Quantity	Proportion
I. Shares with conditional subscription	1,700,531,769	34.42%	790,321,135			-1,105,228,379	-314,907,244	1,385,624,525	24.18%
2. State-owned legal person shares	43,988,269	0.89%	16,400,826			0	16,400,826	60,389,095	1.05%
3. Other domestic shares	1,656,543,500	33.53%	773,920,309			-1,105,228,379	-331,308,070	1,325,235,430	23.13%
Incl: Domestic legal person shares	1,654,982,828	33.50%	773,920,309			-1,104,928,457	-331,008,148	1,323,974,680	23.11%
Domestic Natural Person shares	1,560,672	0.03%	0			-299,922	-299,922	1,260,750	0.02%
II. Shares with unconditional subscription	3,239,397,214	65.58%	0			1,105,228,379	1,105,228,379	4,344,625,593	75.82%
1. Common shares in RMB	2,989,397,213	60.52%	0			1,105,228,379	1,105,228,379	4,094,625,592	71.46%
2. Foreign shares in domestic market	250,000,001	5.06%	0			0	0	250,000,001	4.36%
III. Total of capital shares	4,939,928,983	100.00%	790,321,135			0	790,321,135	5,730,250,118	100.00%

Reasons for share changed:

☒ Applicable ☐ Not applicable

1. On January 3, 2017, the lock-in period for the executives who left job after the election of the company's supervisors and senior executives in 2016 was expired, with the executive lock-in shares decreased by 299,922 shares;
2. On August 28, 2017, the 1,104,928,457 restricted shares in the company's non-public share issuance were released and became tradable;
3. On November 30, 2017, in the 385,353,534 shares issued by the 2017 Share-issuance and Paying-cash and Purchasing Asset, there were 16,400,826 shares with a lock-in period of 12 months and 368,952,708 shares with a lock-in period of 36 months;
4. On December 29, 2017, in the added 404,967,601 shares additionally issued by the 2017 Share-issuance and Paying-cash and Purchasing Asset, there were 159,287,256 shares with a lock-in period of 12 months and 245,680,345 shares with a lock-in period of 36 months;

Approval of Change of Shares

☒ Applicable ☐ Not applicable

1. On July 28, 2016, the company held the second extraordinary general meeting of 2016 and the first meeting of the eighth Board of Directors, and the Board of Directors and the Board of Supervisors of the company were re-elected, and there should be 6 months lock-in period for the shares held by the directors, supervisors and senior management personnel who left the job.
2. On July 28, 2016, the company received ZJXK [2016]No. 1322 Approval on Authorization of Non-Public Offering Shares of Tunghsu Optoelectronic Co., Ltd., approved and issued by China Securities Regulatory Commission and the file agreed that issuer's new non-public offering shares not exceeded 1,104,928,457.
3. On October 20, 2017, the company received the "Approval on Tunghsu Optoelectronic Technology Co., Ltd's Share Issuance to Objects Including Shanghai Huimao Enterprise Management Co., Ltd for Asset Purchase and Raising Matching Funds by CSRC"(Zhen Jian Xu Ke [2017] No. 1841 Doc), approved that the company shall issue 262,626,262 shares to Shanghai Huimao Enterprise Management Co., Ltd, 106,326,446 shares to Tunghsu Group Co., Ltd, 11,380,165 shares to Mianyang Science and Technology City Development Investment (Group) Co., Ltd and 5,020,661 shares to Sichuan Changhong Electric Appliance Co., Ltd for purchasing the underlying assets, and approved that the Company shall raise no more than RMB 3750 million of matching funds by the company's non-public share issuance.

Ownership transfer of share changes

☐ Applicable ☒ Not applicable

Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to common shareholders of Company in latest year and period

☐ Applicable ☒ Not applicable

Other information necessary to disclose for the company or need to disclosed under requirement from security regulators

☐ Applicable ☒ Not applicable

2. Change of shares with limited sales condition

√ Applicable □ Not applicable

In Shares

Shareholder Name	Initial Restricted Shares	Number of Unrestricted Shares This Term	Number of Increased Restricted Shares This Term	Restricted Shares in the End of the Term	Reason for Restricted Shares	Date of Restriction Removal
Tunghsu Group	439,882,697	0	352,006,791	791,889,488	Issued shares, paid cash to buy assets and raised supporting funds and related party transactions of 2017	106,326,446 shares will be released on November 30, 2020; 245,680,345 shares will be released on December 29, 2020
Shanghai Huimao Enterprise Management Co., Ltd.	0	0	262,626,262	262,626,262	Issued shares, paid cash to buy assets and raised supporting funds and related party transactions of 2017	November 30, 2020
China Fund Management Co., Ltd. — Huaxia Bank — TTCO Trust Co., Ltd. — TTCO Trust Co., Ltd. — Shunjing No.5 Single capital trust	222,575,516	222,575,516	0	0	New non-agency restricted shares after the first issue with non-public issue of 2016	August 26, 2017
STAS Asset Management — Ningbo Bank — Minsheng Trust — China Minsheng Trust Zhixin No.208 Tunghsu Optoelectronic increase collective	111,287,758	111,287,758	0	0	New non-agency restricted shares after the first issue with non-public issue of 2016	August 26, 2017

fund trust plan						
Sws Mu Fund Management Co.,Ltd.—China Merchants Bank—Huarun Shen State investment trust—Ruihua increase funds No. 2 Collective capital trust plan	111,287,758	111,287,758	0	0	New non-agency restricted shares after the first issue with non-public issue of 2016	August 26,2017
Penghua Fund—Ningbo Bank—Daye Trust—Daye Trust Tunghsu Optoelectronic increase funds II Single fund trust	111,287,758	111,287,758	0	0	New non-agency restricted shares after the first issue with non-public issue of 2016	August 26,2017
Qianhai Investment fund (Limited Partnership)	110,492,845	110,492,845	0	0	New non-agency restricted shares after the first issue with non-public issue of 2016	August 26,2017
Shenzhen Taianer Information Technology Co., Ltd.	110,492,845	110,492,845	0	0	New non-agency restricted shares after the first issue with non-public issue of 2016	August 26,2017
Nuoan Fund-Industrial Securities-Nanjing Shuangan Assets Management Co., Ltd.	110,492,845	110,492,845	0	0	New non-agency restricted shares after the first issue with non-public issue of 2016	August 26,2017
Minsheng Royal Fund Management Co., Ltd—Ping An	0	0	97,192,224	97,192,224	Issued shares, paid cash to buy assets and raised	December 29,2018

Bank-Daye Trust Zengli 2 single Fund Trust					supporting funds and related party transactions of 2017	
The 40 Shareholders Awarded Stock Incentive	1,192,000	0	0	1,192,000	Stock incentive hasn't been unlocked; Executives locked the shares	The repurchase and write-off of the shares of the share incentive objects of left-job or failure to meet unlocking condition.
The 9 Non-agency Restricted Shareholders before the First Issue	201,000	0	0	201,000	Non-agency restricted shares after the first issue	Till the relevant shareholders entrust the Company to conduct the release business for the restricted shares
Executive locking stock	368,672	299,922	0	68,750	Board of Directors, Supervisors and executives	January 3, 2017
Other	370,970,075	217,011,132	78,495,858	232,454,801	New non-agency restricted shares after the first issue with non-public issue of 2016 and Issued shares, paid cash to buy assets and raised supporting funds and related party transactions of 2017	217,011,132 shares will be released on August 26, 2017; 217,011,132 shares will be released on November 30, 2018; 62,095,032 shares will be released on December 29, 2018.
Total	1,700,531,769	1,105,228,379	790,321,135	1,385,624,525	--	--

I. Issuing and listing

1.Explanation of the Situation of the Security Issue(No Preferred Shares) in the Report Period

√ Applicable □ Not applicable

Description of stock and its Derivative securities	Issuing date	Issuing price(Or interest rate)	Issuing quantity	Listing date	Quantity approved for listing	Expiration date of transaction
Stocks						
Tunghsu Optoelectronic	November 1, 2017	RMB 9.90	385,353,534	November 30, 2017	385,353,534	
Tunghsu Optoelectronic	December 14, 2017	RMB 9.26	404,967,601	December 29, 2017	404,967,601	
Convertible Corporate Bonds, Detachable Convertible Bond and Corporate Bonds						
Other derivative securities						

Notes

2.Change of asset and liability structure caused by change of total capital shares and structure

√ Applicable □ Not applicable

3.About the existing employees' shares

□ Applicable √ Not applicable

II. Shareholders and actual controlling shareholder

1. Number of shareholders and shareholding

In Share

Total number of common shareholders at the end of the reporting period	376,913(including 359516 shareholders holding A shares and 17397 shareholders holding B shares)	Total shareholders at the end of the month from the date of disclosing the annual report	361,666(including 344320 shareholders holding A shares and 17346 shareholders holding B shares)	The total number of preferred shareholders voting rights restored at period-end (if any)(See Notes 8)		Total preferred shareholders at the end of the month from the date of disclosing the annual report(if any)(See Notes 8)		
Particulars about shares held above 5% by shareholders or top ten shareholders								
Shareholders	Nature of shareholder	Proportion of shares held (%)	Number of shares held at period	Changes in reporting period	Amount of restricted shares	Amount of un-restricted shares	Number of share pledged/frozen	
							State of share	Amount

			-end		held	held		
Tunghsu Group	Domestic Non -State-owned legal person	15.90%	910,975,5 91	352,006,7 91	791,889,4 88	119,086,1 03	Pledge	484,882,697
Shijiazhuang Baoshi Electronic Group Co., Ltd.	Domestic Non -State-owned legal person	5.80%	332,382,1 71	0	0	332,382,1 71	Pledge	120,000,000
Shanghai Huimao Enterprise Management Co., Ltd.	Domestic Non -State-owned legal person	4.58%	262,626,2 62	262,626,2 62	262,626,2 62	0		
China Fund Management Co., Ltd. — Huaxia Bank — TTCO Trust Co., Ltd. — TTCO Trust Co., Ltd. — Shunjing No.5 Single capital trust	Other	2.54%	145,759,1 16	-76,816,4 00	0	145,759,1 16		
Ping An Securities Co., Ltd.	Domestic Non -State-owned legal person	2.16%	123,975,5 16	123,975,5 16	0	123,975,5 16		
Minsheng Royal Fund Management Co., Ltd — -Ping An Bank-Daye Trust Zengli 2 single Fund Trust	Other	1.70%	97,192,22 4	97,192,22 4	97,192,22 4	0		
Tunghsu Optoelectronic Technology Co., Ltd. — The first ESOP	Other	1.27%	72,639,29 6	0	72,639,29 6	0		
Beixin Ruifeng Fund — China Merchants Bank — Daye Trust — Daye Trust Profit increase 3 single fund plan	Other	1.08%	62,095,03 2	62095032 00	62,095,03 2	0		

Shenzhen Taianer Information Technology Co., Ltd.	Domestic Non-State-owned legal person	1.07%	61,165,682	-49,327,163	0	61,165,682	Pledge	61,165,682
Wanhe Securities — China Merchants Bank — Wanhe Securities and No.1 Collective asset management plan	Other	0.96%	55,246,500	55,246,500	0	55,246,500		
Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if applicable)(See Notes 3)		Among the top 10 shareholders, CITIC Fund-Huaxia Bank-Tibet Trust-Tibet Trust-Shunjing No.5 Single Fund Trust, and Shenzhen Taianer Information Technology Co., Ltd became the top 10 shareholders of the company by participating in the subscription of the company's non-public share issuance in 2016-and the sale-restricted period for those shares held is 12 months, that is, from August 26, 2016 to August 25, 2017. Among the top 10 shareholders, Shanghai Huimao Enterprise Management Co., Ltd, Minsheng Jiayin Fund-Ping An Bank-Daye Trust-Daye Trust Zengli No.2 Single Fund Trust, and Beixin Ruifeng Fund-China Merchants Bank-Daye Trust-Daye Trust Zengli No.3 Single Fund Plan became the top 10 shareholders of the company by participating in the subscription of shares of the company's 2017 Non-public Share Issuance and Paying Cash to Purchase Assets and Raising Matching Funds and The Related Transaction, with that: the shares held by Shanghai Huihao Enterprise Management Co., Ltd has a sale-restricted period of 36 months, namely from November 30, 2017 - November 29, 2020; and the shares held by Minsheng Jiayin Fund-Ping An Bank-Daye Trust-Daye Trust Zengli No.2 Single Fund Trust and Beixin Ruifeng Fund-China Merchants Bank-Daye Trust-Daye Trust Zengli No.3 Single Fund Plan have a sale-restricted period of 12 months, namely from December 29, 2017 to December 28, 2018.						
Explanation on shareholders participating in the margin trading business		Among the top ten shareholders , Tunghsu Group and Baoshi Group have relationship and constitute persons taking concerted action. The company does not know whether there is relationship between other 8 shareholders or whether they are persons taking concerted action defined in Administrative Measures Relating to Acquisitions of Listed Companies.						
Shareholding of top 10 shareholders of unrestricted shares								
Name of the shareholder	Quantity of unrestricted shares held at the end of the reporting period (Note 4)					Share type		
						Share type	Quantity	
Shijiazhuang Baoshi Electronic Group Co., Ltd.	332,382,171					RMB Common shares	332,382,171	
China Fund Management Co., Ltd. — Huaxia Bank — TTCO Trust Co., Ltd. — TTCO Trust Co., Ltd. — Shunjing No.5 Single capital trust	145,759,116					RMB Common shares	145,759,116	

Ping An Securities Co., Ltd.	123,975,516	RMB Common shares	123,975,516
Tunghsu Group Co., Ltd.	119,086,103	RMB Common shares	119,086,103
Shenzhen Taianer Information Technology Co., Ltd.	61,165,682	RMB Common shares	61,165,682
Wanhe Securities—China Merchants Bank—Wanhe Securities and No.1 Collective asset management plan	55,246,500	RMB Common shares	55,246,500
Nuoan Fund-Industrial Securities-Nanjing Shuangan Assets Management Co., Ltd.	55,246,487	RMB Common shares	55,246,487
Zhonghai Trust Co., Ltd.—Zhonghai Trust—Tunghsu Optoelectronic ESOP pooled Fund trust	52,555,280	RMB Common shares	52,555,280
HuaAn Future Asset-ICBC-No.1 Asset Management Plan of Tunghsu Optoelectronic's Private Placement	49,877,765	RMB Common shares	49,877,765
Notional Securities fund—Bohai Bank—Minsheng Trust—China Minsheng Trust Zhicheng No.192 Tunghsu Optoelectronic Directional additional 1 fund trust plan	48,619,336	RMB Common shares	48,619,336
Explanation on associated relationship or consistent action among the top 10 shareholders of non-restricted negotiable shares and that between the top 10 shareholders of non-restricted negotiable shares and top 10 shareholders	The top 10 tradable shareholders of Shijiazhuang Baoshi Electronic Group Co., Ltd. and the top ten shareholders of Tunghsu Group Co., Ltd. have relationship and constitute persons taking concerted action.		
Notes to the shareholders involved in financing securities (if any)(See Notes 4)	Not applicable		

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. Controlling shareholder

Nature of Controlling Shareholders: Corporation Group Holding; Natural Person Holding

Type of Controlling Shareholders: Legal person

Name of the Controlling shareholder	Legal representative/Leader	Date of incorporation	Organization code	Principal business activities
Tunghsu Group Co., Ltd.	Li Zhaoting	November 5, 2004	76813036-3	Investing projects with owned funds; Development of mechanical equipment and electronic products; Productions and process formulation of various non-standard equipment and components; Process and sales of component for abrasive materials and electromechanical products(no equipment of public security); Import and export of self-run and agent goods and technology; Computer system integration ; Software development; Technology consulting; Installation and engineering consulting of electromechanical device(no pre-licensing projects included above). (Operation is allowed only if being within the confines of the above laws and regulations and the matters forbidden or restricted by the State Council; Operation is allowed once the matters are examined and approved by other departments.
The equity of the controlling shareholder in other domestic and foreign listed companies held or partly held by it in the report period	1.As of December 31,2017, Tunghsu Group held 414.27 million shares of Tunghsu Azure Renewable Energy Co., Ltd. (Stock Abbreviation :Tunghsu Azure; Stock code: 000040), accounting for 30.98% of the company's total equity. 2. As of December 31, 2017, Tunghsu Group directly held 8.45 million shares of Shanghai Challenge Textile Co., Ltd. (A Share's stock name: "Challenge" and stock code: 002468), accounting for 1.015%;indirectly held 163.19 million shares of Shanghai Challenge Textile Co., Ltd. through Shanghai Guojun Investment Co., Ltd., accounting for 19.61%; held 25.35 million shares of Shanghai Challenge Textile Co., Ltd. by having the right to vote by trustee, accounting for 3.045%. To sum up, Tunghsu Group had voting right corresponding to 196.99 million shares of Shanghai Challenge Textile Co., Ltd., accounting for 23.67%.			

Change of the actual controller in the reporting period

☐Applicable ☒Not applicable

Nil

3. Information about the controlling shareholder of the Company

Actual controller nature: Domestic natural person

Actual controller type: Natural person

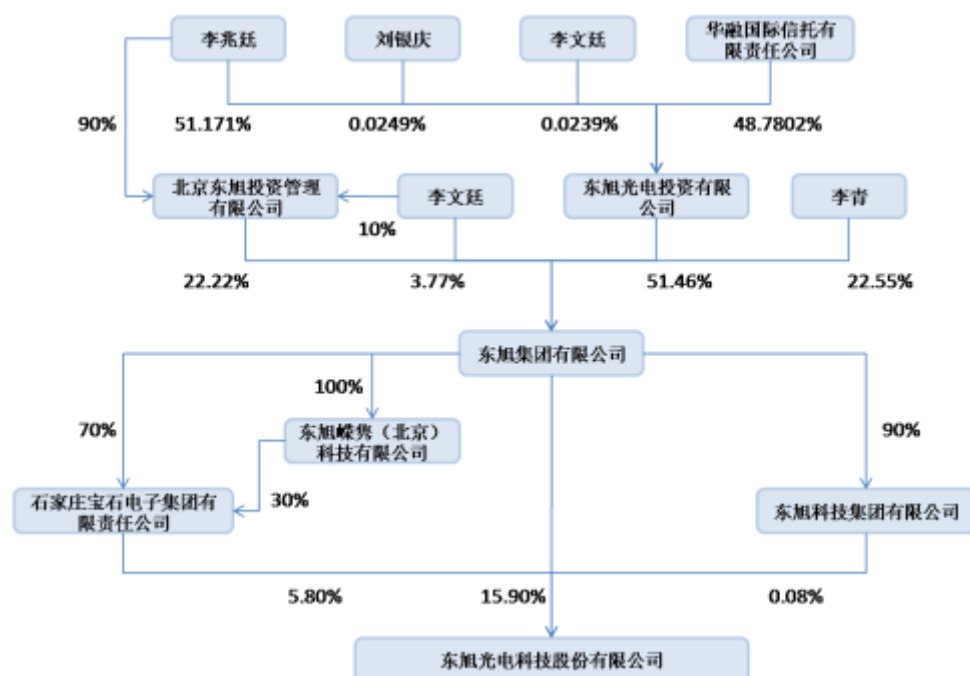
Name	Nationality	Whether to obtain the right of abode in other countries or regions
Li Zhaoting	China	No
Main occupations and duties	Refer to: 3.Tenure Situation in Chapter 8 Situation of Directors, Supervisors, Senior Executives and Employee of the Company	
Situation of domestic and abroad holding listed companies in the part 10 years	<p>1.As of December 31, 2017, Tunghsu Group held 414.27 million shares of Tunghsu Azure Renewable Energy Co., Ltd. (Stock Abbreviation :Tunghsu Azure; Stock code: 000040), accounting for 30.98% of the company's total equity. 2. As of December 31, 2017, Tunghsu Group directly held 8.45 million shares of Shanghai Challenge Textile Co., Ltd. (A Share's stock name: "Challenge" and stock code: 002468), accounting for 1.015%; indirectly held 163.19 million shares of Shanghai Challenge Textile Co., Ltd. through Shanghai Guojun Investment Co., Ltd., accounting for 19.61%; held 25.35 million shares of Shanghai Challenge Textile Co., Ltd. by having the right to vote by trustee, accounting for 3.045%. To sum up, Tunghsu Group had voting right corresponding to 196.99 million shares of Shanghai Challenge Textile Co., Ltd., accounting for 23.67%.</p>	

Change of the actual controller in the reporting period

☐Applicable ☒Not applicable

Nil

Block Diagram of the ownership and control relations between the company and the actual controller



The actual controller controls the company by means of trust or managing the assets in other way

☐Applicable ☒Not applicable

4. Other corporate shareholder holding over 10% of the Company's shares

☐ Applicable ☒ Not applicable

5. Situation of Share Limitation Reduction of Controlling Shareholders, Actual Controllers, Restructuring **Party** and Other Commitment Subjects

☐ Applicable ☒ Not applicable

VII. Situation of the Preferred Shares

☐ Applicable ☒ Not applicable

No preference shares in the Company.

VIII. Information about Directors, Supervisors and Senior Executives

I. Change in shares held by directors, supervisors and senior executives

Name	Positions	Office status	Sex	Age	Starting date of tenure	Expiry date of tenure	Shares held at the year-begin(share)	Amount of shares increased at the reporting period(share)	Amount of shares decreased at the reporting period(share)	Other changes increase/decrease	Shares held at the year-end(share)
Li Zhaoting	Board chairman	In office	Male	52	November 30, 2011		0	0	0	0	0
Wang Lipeng	Director, GM	In office	Male	50	July 28, 2016		0	0	0	0	0
Gong Xin	Director, Board secretary	In office	Female	38	April 20, 2015		100,000	0	0	0	100,000
Zhang Shuangcai	Independent director	In office	Male	56	July 29, 2013		0	0	0	0	0
Lu Guihua	Independent director	In office	Male	49	May 19, 2014		0	0	0	0	0
Han Zhiguo	Independent director	In office	Male	54	July 28, 2016		0	0	0	0	0
Guo Chunlin	Chairman of the supervisory committee	In office	Male	38	July 28, 2016		0	0	0	0	0
Xu Lingzhi	Supervisor	In office	Female	51	July 28, 2016		0	0	0	0	0
Chen Dewei	Supervisor	In office	Male	54	July 28, 2016		0	0	0	0	0
Xie Juwen	Supervisor	In office	Male	40	July 9, 2016		0	0	0	0	0
Wan	Supervisor	In	Female	32	July 9,		0	0	0	0	0

Huanhu an	sor	office			2016						
Wang Zhonghui	Deputy GM	In office	Male	40	July 28,2016		0	0	0	0	0
Wang Junming	Deputy GM	In office	Male	53	July 28,2016		0	0	0	0	0
Liu Wentai	Deputy GM	In office	Male	48	July 29,2013		125,000	0	0	0	125,000
Wang Junming	Deputy GM	In office	Male	54	July 28,2016		0	0	0	0	0
Huang Jinliang	CFO	In office	Male	38	April 28,2017		0	0	0	0	0
Zhou Bo	Director, CFO	Dimission	Male	38	December 16,2015	April 28,2017	0	0	0	0	0
Total	--	--	--	--	--	--	225,000	0	0	0	225,000

II. Change in shares held by directors, supervisors and senior executives

√ Applicable □ Not applicable

Name	Positions	Types	Date	Reason
Zhou Bo	Director,CFO	Dimission	April 28,2017	Job change

III. Posts holding

The professional background, working experience and main responsibilities of the current board members, supervisors and senior managers in the company

1. Mr. Li Zhaoting, Chinese, born in 1965, graduated from Hebei University of Technology as a mechanical engineering major, senior engineer, member of the Communist Party of China and the founder of Tunghsu Group. Li has served successively as the general manager assistant and vice-general manager of Shijiazhuang Diesel Engine Factory, and Chairman of Hebei Tunghsu Investment Group Co., Ltd. Li is now the chairman of the company and the subsidiaries including Wuhu Tunghsu Photo-electric Science & Technology Co., Ltd. At the same time, he is also the chairman of Tunghsu Group and Tunghsu Photoelectric Investment, general manager of COE, and the vice chairman as well as general manager of Chengdu COE. Li is the 12th National People's Congress member, vice chairman of Innovation Promotion Committee of The Chinese Association of Productivity Science, vice chairman of Electronic Glass Branch of the Chinese Ceramic Society, honorary board member of Peking University, board director of Renmin University of China and Beijing Jiaotong University, member of the standing committee of Hebei Youth Federation, and the executive council member of young entrepreneurs in Hebei. He has been awarded the "10 Person of the Year of 2012 Innovative China", "The Most Respected Listed Company Leaders in 2013", "Ten Innovation Leaders of China's Economy in 2014", "Person of the Year in 2014 of Brand China (Electronic Information)", "2014 Individual Quality Prize by Hebei Provincial Government", "The Most Respected Listed Company Chairman in 2015", "China's ten largest economy 2016", "The

Outstanding Private Entrepreneurs of Hebei” and “Outstanding Young Entrepreneurs of Shijiazhuang” etc. , Honorary titles and awards such as: “The Top Ten Outstanding Contributors of China's All-round Well-off Society in 2017”, “China's Most Admired Chairman of Listed Companies of 2017”

2. Mr. Wang Lipeng, Chinese nationality, was born in 1968, master's degree of Tianjin University. Beginning to work in 1989, he had served as the factory director of the electron gun factory of Shijiazhuang Baoshi Electronics Group Co., Ltd, the general manager of Shijiazhuang Bao Dong Electronics Co., Ltd, the director and the general manager of Shijiazhuang Baoshi Electronic Glass Co., Ltd, the director of chairman office of Tunghsu Group Co., Ltd, the general manager of Sichuan Xu Hong Optoelectronics Technology Co., Ltd and so on.

3. Ms. Gong Xin, Nationality: Chinese, born in 1979, bachelor degree. She once worked in Capital Edge Investment and Management as Project Manager of Investment-banking Department, Assistant to Chairman, Vice General Manager and etc. Now Gong is Chief of Securities Department, Company Director and Board Secretary of the company.

4. Mr. Zhang Shuangcai, Chinese Nationality, born in 1961, PhD in Management, Business Administration postdoctoral, Democratic National Construction Association. He serves as Associate Dean School of Management, Hebei University business professor, World Economic doctoral tutor, accounting, business management professional master tutor. He used to be Baoding CPPCC Standing Committee, representative of 11th People's Congress of Hebei Province. Now he is the representative of 12th People's Congress of Hebei Province, Executive director of the Institute of Hebei Province in budget management, deputy director of the private Center for Economic Research of Hebei Province, Accounting association executive director, executive director of Private Entrepreneur Association of Hebei Province, director of the Private Economic and Financial Committee of Hebei Province, committee member of National Central Economic Committee, independent director of Lekai film Co., Ltd., Boshen tools Co., Ltd., Tianwei Baobian Electrical Co., Ltd. and Huida Bathroom Co., Ltd..

5. Mr. Lu Guihua, male, born in May 1968, Dr. Accounting, Applied Economics postdoctoral, Central University of Finance and Economics Professor of Accounting, Master Instructor, Chinese Certified Public Accountant. Former Tianjin University associate professor, associate professor at the Central University of Finance and professor at the Central University of Finance and Economics, master's and doctoral tutor. Now is Independent Director of Hanvon Technology Co., Ltd., China Minsheng Investment Corp., Ltd., Hebei Iron and Steel Co., Ltd. and the company.

6. Mr. Han Zhiguo, Chinese nationality, was born in 1964, bachelor degree, lawyer of Hebei Dianfan Law Firm. He had served as the teacher of Hebei Vocational College of Politics and Law, and the lawyer of Hebei Zhengchen Law Firm. From September 2006 to September 2013, he had been served as the independent director of Shijiazhuang Baoshi Electronic Glass Co., Ltd. Since August 2013, he has been served as the independent director of Bosun Tools Co., Ltd and the independent director of the company.

7. Mr. Guo Chunlin, Chinese nationality, was born in 1980, bachelor degree in law. He began to work in 2004. From September 2004 to November 2005, he had been served for Beijing Zhongfu Law Firm; from November 2005 to October 2007, he taught at Communication University of China. He joined Tunghsu Group Co. Ltd in October 2007, and now he is one of the supervisors of Tunghsu Group Co. Ltd.

8. Ms. Xu Lingzhi, Chinese nationality, was born in 1967, bachelor degree in accounting. She began to work in 1988 and joined Tunghsu Group Co. Ltd in 2006. Currently, she serves as the director of financial center of Tunghsu Group Co. Ltd and the general manager and supervisor of risk-control center of board-office headquarter of Tunghsu Group Co. Ltd.

9. Mr. Chen Dewei, Chinese nationality, was born in 1964, college degree. Currently, he serves as the general manager and supervisor of the management center of Tunghsu Group Co., Ltd.

10. Mr. Xie Juwen, was born in June 1977, master degree, professional in project management of Beijing

University of Technology. He had served as the R & D Engineer and the project leader of Beiren Group, the project leader and other posts of Sheet-folding Machine Branch of Beiren Group. Currently, he serves as the project manager of comprehensive office of the company and the employee-representative supervisor of the company's eighth board of supervisors.

11.Ms. Wan Huanhuan, was born in July 1985, bachelor degree, professional in accounting of Industrial and Commercial University of Chongqing. She had served as the audit manager of Sino Railway Information Group Co., Ltd, the business manager of Jiangsu Huaxing Certified Public Accountants and the business specialist of Shenzhen JunZhiYuan Certified Public Accountants. Currently, she serves as the audit manager of the company's audit supervision department and the employee-representative supervisor of the company's eighth board of supervisors.

12.Mr. Wang Zhonghui, Chinese nationality, was born in 1978, master's degree of Renmin University of China, having lawyer qualification of People's Republic of China. Over ten years experiences of being a lawyer, in 2009 he joined Tunghsu Group, and he had served as the minister of the legal department, the general manager of legal center and the vice president of the group. Since 2014, he has been served as the chairman of Shenzhen Xuhui Investment Holdings Ltd, the chairman of Beijing Tunghsu Huaqing Investment Co., Ltd, the chairman of Beijing Tunghsu Carbon New Materials Technology Co., Ltd and the chairman of Shanghai Tan Yuan Graphene Co., Ltd, responsible for graphene industry investment and development.

13.Mr. Wang Jianqiang, Chinese nationality, was born in 1964, university degree, graduated from mechanical specialty of Hebei University of Science and Technology. He had served for Shijiazhuang Baoshi Electronics Group Co., Ltd and had served as the supervisor of the company's seventh session board of supervisors. Currently, he serves as the chairman of Fuzhou Tunghsu Optoelectronic Technology Co., Ltd which is the company's 8.5 generation glass substrate project company.

14.Mr. Liu Wentai, Chinese nationality, born in 1969, graduated from chemical-mechanical professional of Qingdao Institute of Chemical Industry, bachelor's degree. He had served as the workshop equipment supervisor of Shijiazhuang Baoshi Electronics Group Co., Ltd, equipment supervisor of maintenance and engineering department of Shijiazhuang Baoshi Electric Nitrate Co., Ltd, the director of liquid crystal glass research institute of Tunghsu Group Co., Ltd, the general manger of the thermal engineering department, the vice president of Tunghsu Group with a concurrent post of purchasing director. Currently, he serves as the company's vice-general manager and is responsible for the company's whole sets of equipment and technical services .

15.Mr. Wang Junming, Chinese nationality, was born in 1964, master of Beijing Jiaotong University. He had served as the vice-general manager of Henan Anfei Electronic Glass Co. Ltd and the general manager of Zhengzhou Xufei Optoelectronic Technology Co. Ltd. Currently, he serves as Chairman of Xuyou Electronic Material Technology (Wuxi) Co., Ltd.

16. Mr. Huang Jinliang, Chinese nationality, born in November 1980, graduated in accounting from the Institute of Fiscal Science of the Ministry of Finance, doctor of management, senior accountant, national accounting leader (reserve) talent of the Ministry of Finance. He used to be the Assistant Director and Director of the Finance Division of the Aerospace Communication Center of China Aerospace Science and Technology Group, the Chief Financial Officer of Lv Qi Technology Group Co., Ltd. and the Financial Director of Haohui Technology Group Co., Ltd. and now the Chief Financial Officer of the company.

Office taking in shareholder companies

√Applicable □Not applicable

Names of the	Names of the shareholders	Titles engaged in the	Sharing date of	Expiry date of	Does he /she
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persons in office		shareholders	office term	office term	receive remuneration or allowance from the shareholder
Li Zhaoting	Tunghsu Group	Board chairman			Yes
Li Zhaoting	Tunghsu Optoelectronic Investment Co., Ltd.	Board chairman			No
Li Zhaoting	Beijing Tunghsu Investment Development Co., Ltd	Executive director, Manager			No
Guo Chunlin	Tunghsu Group	General Manager of Administration, Supervisor			Yes
Xu Lingzhi	Tunghsu Group	Director of Finance Center and General Manager of Risk control center			Yes
Chen Dewei	Tunghsu Group	General Manager of Comprehensive management Center, supervisor			Yes

Offices taken in other organizations

√Applicable □Not applicable

Name	Name of other units	Position	Office term start from	Office term ended	Whether receiving remuneration from other units or not
Li Zhaoting	Tibet Financial Leasing Co., Ltd.	Board chairman			No
Li Zhaoting	Chengdu Zhong Optoelectronic Technology Co., Ltd.	Vice board chairman			No
Li Zhaoting	Tunghsu (Yingkou) Optoelectronic Display Co., Ltd.	Board chairman			No
Li Zhaoting	Tibet Xuri Capital Management Co., Ltd.	Executive director, Manager			No
Li Zhaoting	Zhong Optoelectronic Technology Co., Ltd.	Director, Manager			No
Li Zhaoting	Tunghsu Technology Development Co., Ltd.	Executive director, Manager			No
Li Zhaoting	Shijiazhuang Jinshun Environmental protection	Executive director,			No

	Technology Co., Ltd.	General Manager			
Li Zhaoting	Beijing Naliaode New Material Technology Co., Ltd.	Executive director, Manager			No
Li Zhaoting	Jinzhou Xulong New Material Technology Co., Ltd.	Board chairman			No
Li Zhaoting	Mudanjiang Xuyang Technology Co., Ltd.	Board chairman			No
Li Zhaoting	Beijing Tunghsu Tianze Technology Co., Ltd.	Board chairman			No
Li Zhaoting	Shijiazhuang Xuling Electronic Technology Co., Ltd.	Executive director,			No
Wang Lipeng	Shijiazhuang Baodong Electric Co., Ltd.	Director			No
Wang Zhonghui	Rongxu Investment Development Co., Ltd.	Director			No
Wang Zhonghui	Beijing Tunghsu Tianze Technology Co., Ltd.	Supervisor			No
Wang Jianqiang	Jinzhou Xulong New Material Technology Co., Ltd.	Director			No
Wang Jianqiang	Beijing Kelisibei Technology Co., Ltd.	Executive director			No
Wang Jianqiang	Mudanjiang Xuyang Technology Co., Ltd.	Director			No
Wang Jianqiang	Ningxia Xutang New Material Technology Co., Ltd.	Supervisor			No
Wang Jianqiang	Beijing Hexieguanglu Technology Co., Ltd.	Board chairman			No
Wang Jianqiang	Dalian Sihai Datongdao Equipment Co., Ltd.	Manager			No
Xu Lingzhi	Tunghsu International Investment Co., Ltd.	Supervisor			No
Xu Lingzhi	Shi Jiazhuang Jinshun Environmental Protection Technology Co., Ltd.	Supervisor			No
Xu Lingzhi	Beijing Kelinsibei Technology Co., Ltd.	Supervisor			No
Xu Lingzhi	Huiyin Jinkong Assets Management Co., Ltd.	Supervisor			No

Xu Lingzhi	Wuhan Zhongkai Technology Co.,Ltd.	Supervisor			No
Guo Chunlin	Tunghsu International Investment Co., Ltd.	Director			No
Guo Chunlin	Shanghai Guojun Investment Co.,Ltd.	Supervisor			No
Guo Chunlin	Jinzhai Xinhuangming Energy Technology Co., Ltd.	Supervisor			No
Guo Chunlin	Baofeng Xuyang New Energy Co., Ltd.	Supervisor			No
Guo Chunlin	Nenjiang Liangzhi New Energy Co., Ltd.	Supervisor			No
Guo Chunlin	Rizhao Tunghsu Guoshan New Energy Technology Co., Ltd.	Supervisor			No
Guo Chunlin	Changling Jiyuan New Energy Co., Ltd.	Supervisor			No
Guo Chunlin	Guangxi Nanning Lizhi New Energy Investment Co., Ltd.	Supervisor			No
Guo Chunlin	Shandong Donga Chengxing New Energy Technology Co., Ltd.	Supervisor			No
Guo Chunlin	Xuxiu Intelligence Technology (Shanghai) Co., Ltd.	Supervisor			No
Guo Chunlin	Neimonggol Xujing New Energy Technology Co., Ltd.	Supervisor			No
Guo Chunlin	Baishui Xusheng New Energy Technology Co., Ltd.	Supervisor			No
Guo Chunlin	Tahe Xuyang New Energy Co., Ltd.	Supervisor			No
Guo Chunlin	Chengdu Xurong New Energy Technology Co., Ltd.	Supervisor			No
Guo Chunlin	Lushan Tunghsu New Energy Technology Co., Ltd.	Supervisor			No
Guo Chunlin	Lushan Xulan New Energy Co., Ltd.	Supervisor			No
Guo Chunlin	Guangdong Tunghsu Qaiquan New Energy Technology Co., Ltd.	Supervisor			No
Guo Chunlin	Changwu Tunghsu New Energy Technology Co., Ltd.	Supervisor			No

Guo Chunlin	Linqu Chengri New Energy Technology Co., Ltd.	Supervisor			No
Guo Chunlin	Licheng Xuli New Energy Technology Co., Ltd.	Supervisor			No
Guo Chunlin	Qingshuihe Xuqing New Energy Technology Co., Ltd.	Supervisor			No
Guo Chunlin	Zhangjiachuan Hui Autonomous County New Energy Technology Co., Ltd.	Senior executive			No
Guo Chunlin	Ezhou Xuyang New Energy Co., Ltd.	Supervisor			No
Guo Chunlin	Lixian Xuxiang New Energy Development Co., Ltd.	Supervisor			No
Guo Chunlin	Cangzhou Bohai New Area, Xuqi New Energy Co., Ltd.	Supervisor			No
Guo Chunlin	Pingshan Xulan New Energy Technology Co., Ltd.	Supervisor			No
Guo Chunlin	Shaoxing Xulan New Energy Co., Ltd.	Supervisor			No
Guo Chunlin	Guixi Quantum New Energy Technology Co., Ltd.	Supervisor			No
Guo Chunlin	Lufeng Xuneng New Energy Co., Ltd.	Supervisor			No
Guo Chunlin	Qixian Xulan New Energy Co., Ltd.	Supervisor			No
Guo Chunlin	Shanxi Xuhui Photovoltaic Power Co., Ltd.	Supervisor			No
Guo Chunlin	Linzhang Xulan New Energy Technology Co., Ltd.	Supervisor			No
Guo Chunlin	Zhangjiakou Xuhong Energy Technology Co., Ltd.	Supervisor			No
Guo Chunlin	Taizhou Xuhong New Energy Co., Ltd.	Supervisor			No
Wang Huanhuan	Tunghsu Group Finance Co., Ltd.	Supervisor			No

Punishments to the current and leaving board directors, supervisors and senior managers during the report period by securities regulators in the recent three years

☐ Applicable ☒ Not applicable

IV. Remuneration to directors, supervisors and senior executives in the reporting period

Decision-making procedures, basis for determination and actual payment of the remuneration to directors , supervisors and senior executives

The payments for the company board directors, supervisors and senior managers are determined on the salary management system. The annual payments (including basic wages, bonus, allowance, subsidy, welfare expense and insurance premium, housing accumulation funds and other pretax net payments paid by the company) paid to board directors, supervisors and senior managers in 2017 are all based on the salary standard administration related to the job responsibilities, performance appraisal and salary level of the corresponding post. During the report period, the salaries for board directors, supervisors and senior managers have been paid monthly.

Remuneration to directors, supervisors and senior executives in the reporting period

In RMB'0000

Name	Positions	Sex	Age	Office status	Total remuneration received from the Company	Whether to get paid in the company related party
Li Zhaoting	Board chairman	Male	52	In Office		Yes
Wang Lipeng	Director, GM	Male	50	In Office	136.88	
Gong Xin	Director/Board secretary	Female	38	In Office	126.68	
Zhang Shuangcai	Independent Director	Male	56	In Office	5	
Lu Guihua	Independent Director	Male	49	In Office	5	
Han Zhiguo	Independent Director	Male	54	In Office	5	
Guo Chunlin	Chairman of the supervisory committee	Male	38	In Office		Yes
Xu Lingzhi	Supervisor	Female	51	In Office		Yes
Chen Dewei	Supervisor	Male	54	In Office		Yes
Xie Juwen	Supervisor	Male	40	In Office	38.22	
Wang Huanhuan	Supervisor	Female	32	In Office	35.65	
Wang Zhonghui	Deputy GM	Male	40	In Office	123.96	
Wang Jianqiang	Deputy GM	Male	53	In Office	97.34	
Liu Wentai	Deputy GM	Male	48	In Office	83.51	
Wang Junming	Deputy GM	Male	54	In Office	70.68	
Huang Jinliang	CFO	Male	38	In Office	70.87	
Zhou Bo	Director, CFO	Male	38	Dimission	38.5	

Total	--	--	--	--	837.29	--
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Incentive equity to directors, supervisors or/and senior executives in the reporting period

☐ Applicable ☒ Not applicable

V. Particulars about employees.

(1) Particulars about employees.

Number of in-service staff of the parent company(person)	141
Number of in-service staff of the main subsidiaries(person)	7,931
The total number of the in-service staff(person)	7,931
The total number of staff receiving remuneration in the current period(person)	7,931
Retired staff with charges paid by the parent company and main subsidiaries (person)	0
Professional	
Category	Number of persons (person)
Production	2,420
Sales	815
Tech	3,223
Finance	217
Administration	1,256
Total	7,931
Education	
Category	Number of persons (person)
Doctor	8
Master	250
Bachelor degree	2,739
Below college diploma	4,934
Total	7,931

2. Remuneration policies

To keep fair to all employees and competitive in business circles and more importantly to inspire employees, we stick to a principle "payment closely matches value of job position, employee's performance and operation, development and change of performance of the company itself" and stick to another principle "High responsibility,

high requirement, high payment" based on the company's fact. In addition, payment inclines to core job positions and core talents. Make short-term, medium-term and long-term incentive plans. Short-term incentives mainly include payment (annual pay) and profit sharing. Medium-term incentives include equity subscription and option subscription. Long-term incentives include employee stock ownership plan and partnership.

3. Training plan

1. Employment training for recruiters: one training is taken per month. Professional learning of recruiters shall be not less than 2h.

2. Management cadre team (leadership) training: Based on different levels of leadership and expected goals, provide training for senior management personnel and middle management personnel, enhance the operating philosophy of senior management personnel, and improve the overall quality of middle management personnel.

3. (Professional) training for ready-to-be professionals: provide professional training for ready-to-be professionals. Professional learning shall be not less than 2h. Build "Tunghsu School" and "Tunghsu Posthouse".

4. (Profession Enhancement) training of performance improvement: based on management and profession channels, provide sub-channel and systematic training separately. Train and reserve administrative personnel to make performance of company achievable and push the implementation of strategy.

4. Outsourcing situation

☐ Applicable ☒ No Applicable

IX. Administrative structure

I. General situation

The company adheres to honest operation, standard operation and performs obligation of information disclose required in Company Law, Securities Law, Rule of Stock Exchange Listing in Shenzhen Stock Exchange and Guideline on Standard Operation of Listing Companies on Main Board in Shenzhen Stock Exchange and other laws and regulations as well as related standard files in order to ensure fairness, timeliness and accuracy of information disclosure.

Based on standard files on listing companies issued by China Securities Regulatory Commission, the company constantly adjusts and improves its organizations to ensure completeness, independence and standardization of organizations. Core management organization is composed of general meeting of shareholders, Board of Directors, Board of Supervisors and administrative personnel. A good mechanism shall be created among authorities, decision-making body, supervising body and administrative personnel, namely clearly defied powers and responsibilities, standard operation, mutual coordination and balance of mutual distraction. Separation of positions, clearly defined powers and responsibilities and balance of mutual distraction among different organizations and departments shall be maintained in order to effectively ensure the "Profession", "Standardization" and "Transparency" of company's management and even to guarantee all shareholders' benefits, especially minority shareholders.

General meeting of shareholders is an authority of the company. In 2017, 9 meetings was held totally, among which 1 meeting was annual general meeting of shareholders, 8 were temporary. Board of Directors serves general meeting of shareholders. During reporting period, 19 meetings were held in Board of Director and 93 bills were approved. Special committee is set under Board of Director and 4 meetings were held in 2017. Board of Supervisors serves all shareholders and 12 meeting were held in reporting period. Above meetings were held in conformity with related regulations of Articles of Association, Rule of Procedure of General Meeting of Shareholders, Rule of Procedure of Board of Director, Rule of Procedure of Board of Supervisor. Above meetings were convened, held and voted reasonably and legally while resolutions were all legal and valid, so the meetings play an important role in rapid development of the company.

Does there exist any difference in compliance with the corporate governance , the PRC Company Law and the relevant provisions of CSRC,

☐ Yes ☒ No

There exist no difference in compliance with the corporate governance , the PRC Company Law and the relevant provisions of CSRC.

II. Independence and Completeness in business, personnel , assets, organization and finance

The controlling shareholder of the company has the standard behavior and hasn't directly or indirectly interfered the decision-making and operations of the company beyond the shareholders' meeting. "Five Separations" achieved on the fields of human resource, finance, assets, organization and business by the company and holding shareholders.

1. Human resource: Management on labor, personnel and wages by the company is independent from holding shareholders. Senior managers all receive payments in the company; none of them receive payment from or serve in controlling shareholder's entities.
2. Finance: An independent financial management department and accounting system have been established. A formal financial management system has been set up for independent financial decisions. An independent bank account has been opened for independent tax payment in accordance with the law. No accountant work simultaneously in controlling shareholder's entities.
3. Assets: The property rights of company's assets are clear and complete. Production system and supporting facilities independent from holding shareholders have been built up, and free use and embezzlement of corporate assets by holding shareholders or other related parties will not happen.
4. Organization: A sound organization system has been constructed in the company, with which Board of Directors, Board of Supervisors and internal organizations operate independently and no affiliation exists between holding shareholders and functional departments. All the holding shareholders participate in corporate decisions in accordance with legal procedures and have caused no influence on the independence of the corporate operation and management.
5. Business: The company operates independently with complete business structure as well as independent production, sale and financial systems. The company operates and manages independently in accordance with the statutory scope of business, and no shareholders will directly or indirectly control and intervene in the supply and sale. Complete and independent business has been maintained with major shareholders.

III. Competition situations of the industry

√ Applicable e □ Not applicable

Problem Types	Name of Holding Shareholders	Nature of Holding Shareholders	Causes of Problems	Solving Measures	Schedule and Follow-up Plan
Competition in the industry	Tunghsu Group	Individual	The non-public issuing of stocks for funds raising "G6 FPD LCD glass substrate production line" carried out by Sichuan Xuhong and Tunghsu (Yingkou), which are controlled by the holding shareholder Tunghsu Group, has caused competition	Tunghsu Group, Sichuan Xuhong, Tunghsu (Yingkou) and the shareholders signed entrusted management agreements with the company, which authorizes the company to manage the right of operation uniformly	It is planned to inject all the equities of Tunghsu (Yingkou) and Sichuan Xuhong into the company before June 30, 2018. If the equities of the trustee companies are unable to satisfy the conditions of capital infusion due to the industry downturn, changes of supervision requirements and other external factors, the above mentioned equities and right of operation will be still host by the company.

IV. Annual General Meeting and Extraordinary Shareholders' Meetings in the Reporting Period

1. Annual General Meeting

Sessions	Type	Investor participation ratio	Meeting Date	Disclosure date	Disclosure index
The First provisional shareholders' General meeting in 2017	Provisional shareholders' General meeting	31.02%	February 10, 2017	February 11, 2017	Announcement No.2017—010, China Securities Daily, Securities Time, Shanghai Securities News, Securities daily, Hongkong Commercial Daily and www.cninfo.com.cn
The Second provisional shareholders' General meeting in 2017	Provisional shareholders' General meeting	18.22%	March 31, 2017	April 1, 2017	Announcement No.2017—032, China Securities Daily, Securities Time, Shanghai Securities News, Securities daily, Hongkong Commercial Daily and www.cninfo.com.cn
2016 Shareholders' general meeting	Annual Shareholders' General Meeting	20.43%	April 17, 2017	April 18, 2017	Announcement No.2017—038, China Securities Daily, Securities Time, Shanghai Securities News, Securities daily, Hongkong Commercial Daily and www.cninfo.com.cn
The Third provisional shareholders' General meeting in 2017	Provisional shareholders' General meeting	23.62%	June 2, 2017	June 3, 2017	Announcement No.2017—059, China Securities Daily, Securities Time, Shanghai Securities News, Securities daily, Hongkong Commercial Daily and www.cninfo.com.cn
The Fourth provisional shareholders' General meeting in 2017	Provisional shareholders' General meeting	28.76%	June 26, 2017	June 27, 2017	Announcement No.2017—0168, China Securities Daily, Securities Time, Shanghai Securities News, Securities daily, Hongkong Commercial Daily and www.cninfo.com.cn
The Fifth provisional	Provisional	19.70%	August	August 16, 2017	Announcement

shareholders' General meeting in 2017	shareholders' General meeting		15,2017		No.2017—083,China Securities Daily, Securities Time, Shanghai Securities News ,Securities daily ,Hongkong Commercial Daily and www.cninfo.com.cn
The Sixth provisional shareholders' General meeting in 2017	Provisional shareholders' General meeting	19.86%	August 28,2017	August 29,2017	Announcement No.2017—088,China Securities Daily, Securities Time, Shanghai Securities News ,Securities daily ,Hongkong Commercial Daily and www.cninfo.com.cn
The Seventh provisional shareholders' General meeting in 2017	Provisional shareholders' General meeting	0.95%	November 15,2017	November 16,2017	Announcement No.2017—112,China Securities Daily, Securities Time, Shanghai Securities News ,Securities daily ,Hongkong Commercial Daily and www.cninfo.com.cn
The Eighth provisional shareholders' General meeting in 2017	Provisional shareholders' General meeting	21.04%	December 29,2017	December 30,2017	Announcement No.2017—143,China Securities Daily, Securities Time, Shanghai Securities News ,Securities daily ,Hongkong Commercial Daily and www.cninfo.com.cn

2. Preferred stockholders restored voting rights to request to convene Provisional Shareholders' Meeting.

☐Applicable ☒Not applicable

V. Duty performance of independent Directors

1. Attendance of Board Meetings and General Meetings

Independent Directors' Attendance at Board Meetings							
Independent Directors	Number of Board meetings necessary to be attended in the reporting period	Number of spot attendances	Number of meetings attended by Communication	Number of attendances by representative	Number of absence	Failure to personally attend board meetings successively twice (Yes/No)	Number of attendance at general meetings of shareholders

Zhang Shuangcai	19	19	0	0	0	No	9
Lu Guihua	19	19	0	0	0	No	9
Han Zhiguo	19	19	0	0	0	No	9

Notes to failure to personally attend Board Meetings Successively Twice

2. Objection of independent directors on some relevant issues

Objection of independent directors on some relevant issues

☐ Yes ☒ No

Independent directors proposed no objection against the relevant matters in the reporting period.

3. Other notes to duty performance of independent directors

Has an independent director's advice to the Company been accepted

☒ Yes ☐ No

Explanation on acceptance of or failure to accept an independent director's advice to the Company.

During the report period, the independent directors of the company has strictly followed the relevant laws and regulations of "Governance Rules of Listed Companies", "Stock Listed Rules in Shenzhen Stock Exchange" and "Guidance Suggestion on the Establishment of Independent Directors System by the Listed Company", and the provisions of "Articles of Association" to attend the Board of Directors and Shareholders of the company, conscientiously perform their duties, express the constructive comments or suggestions for the development decisions of the company, review the major matters, such as the affiliated transactions, the appointment of senior executives, use of funds-raising and external guarantee, and issue the opinions of the independent directors, which has effectively ensured the impartiality and objectivity of decision-making of the Board of Directors, maintained the whole interests of the company and the legitimate rights of medium and small shareholders, and played a positive role in the company's standard operation and healthy development.

VI. Duty Performance of Special Committees under the Board of Directors in the Reporting period

1. Performance of duties of the Nomination Committee

In 2017, The Nomination Committee of the Board of Directors earnestly performs their duties, and reviews and make recommendations on the company's CFO candidates as per the provisions of "Implementation Rules of Nomination Committee of the Board of Directors".

2. Performance of Remuneration and Appraisal Committee

In 2017, Remuneration and Appraisal Committee under the Board of Directors have conscientiously performed their duties, and conducted the review and provide the suggestions on the subsidy of the independent directors of the company according to the provisions of "Detailed Rules for Implementation of Remuneration and Appraisal Committee under the Board of Directors".

3. Performance of Audit Committee

In 2017, Audit Committee under the Board of Directors has conscientiously performed the duties, conducted the duty of care, actively performs all kinds of works according to the relevant provisions of "Detailed Rules for Implementation of Audit Committee under the Board of Directors" and "Articles of Association", and mainly made communication, control and review on the annual audits of the company.

Audit Committee and the certified accountants have made fully communication on the audit plans, business engagement letters, risks and control matters. The Audit Committee has reviewed the audit opinions and the financial accounting statements issued by the certified accountants, and supervised the certified accountants to submit the audit report within the appointment time. At the same time, the Audit Committee believes that the certified accountants have strictly followed the provisions of the independent audit rules from CPAs to perform the audit work, the audit time is enough, the audit personnel is allocated reasonably, the certificated competence is qualified, and the financial accounting statements audited by the certified accountants shall reflect the true, accurate and complete financial condition.

4. Performance of Strategy Committee

In accordance with related provisions of The Detailed Rules for Implementing the Strategy Committee of the Board and Articles of Incorporation, Strategy Committee of the company is diligent and dutiful in fulfilling its duties and carrying out its work in 2017. It mainly focuses on the discussion and revision of strategic development planning of the company.

VII. Work of the supervisory Committee

Did the supervisory Committee find any risk existing in performing the supervision activities in the reporting period

☐ Yes ☒ No

The supervisory Committee has no objection against any matters under supervision in the reporting period

VIII. Assessment and incentive Mechanism for Senior executives

The company puts store by performance evaluation of administrative personnel, so the company gradually improves evaluation and inspiration mechanism of administrative personnel and builds improved payment management system and performance management system and finally found payment and evaluation committee under Board of Director, which is in charge of evaluating administrative personnel. Performance evaluation has a close influence on payment of administrative personnel. The company makes a scientific and effective inspiration mechanism.

IX. Internal control situations

1. Specific situations on major defects of internal control discovered during report period

☐ Yes ☒ No

Self-evaluation report on internal control

Disclosure date of appraisal report on internal control	April 20 , 2018
Disclosure index of appraisal report on internal control	http://www.cninfo.com.cn
Proportion of total unit assets covered by appraisal in the total assets of the consolidated financial statements of the company	90.00%

Proportion of total unit incomes covered by appraisal in the total business incomes of the consolidated financial statements of the company	90.00%	
Standards of Defects Evaluation		
Type	Financial Report	Non-financial Report
Standard	Evaluation standards of internal control defects in financial reports are based on the degree of importance of the misstatement due to the internal control defects. The degree of importance mainly relies on following factors: (1) the possibility of loss or fraud of related assets or debts; the severity degree of defect control relies on the possibility of prevention, discovery or correction of misstatement concerning to account or presentation; (2) involved account, presentation and related recognized property: whether there is a recognized direct relationship with one or more financial statements; (3) whether the control for evaluation and compensation can offset the control defects, whether the control for evaluation and compensation is precise enough to prevent, discover or correct possible majors misstatements; (4) whether it can arouse attention of personnel in charge of supervising enterprise financial reports: a. control defects have been existed since previous year and recognized as major ones; b. control defects exist in the rising business or high-risk business of the company; c. control defects exist in fields highly focused by Board of Directors or Audit Committee, such as special part or sensitive business; (5) the interaction among control defects: whether control defects, which influence the same important account, presentation and related recognized or internal control factors, form major defects; (6) the possible influences caused by control defects in future. When a cautious manager considers a control defect or the combination of control	Criteria of quality refers to the severity of involved business nature, which can be determined by the nature, range of influence and other factors of direct or potential negative effects. The following signs indicate possible major defects in internal control of non-financial reports: (1) invalid supervision on internal control by Audit Committee and the internal audit authority; (2) lack of democratic decision-making process, such as the decision-making process of “major policies, appointment or dismissal of cadres in important positions, arrangement of major projects and utilization of sizable funds”; (3) violation of state laws and regulations, for example environment pollution; (4) the outflow of managers and technicians; (5) lack of system control or systemic failure in major business; (6) no rectification of major or important defects concerning to the results of internal control appraisal.

	<p>defects are obstacles in formulating basic recording transactions with applicable financial reports in a reasonable way, then the control defect or the combination of control defects should be considered as the indication of major defects. The following signs indicate major defects in internal control of financial reports: (1) any degree of fraud carried out by board members, supervisors and senior managers; (2) financial statements re-published by the company to correct major misstatements due to fraud or mistakes; (3) major misstatements existed in the current financial statements of the company, which have not been discovered during the operation of internal control; (4) invalid supervision on internal control carried out by Audit Committee and internal audit authority; (5) invalid internal control environment in the company; (6) major deviation on budgets; (7) negative effects due to the punishments by regulators; (8) huge losses of the company; (9) total amount of associated business surpasses the upper limit of associated business amount approved by general meeting of shareholders; (10) defects influencing the revenue trend, such as profit and loss results; (11) other defects influencing the sound judgment by statement users.</p>	
Standards of Quantitation	<p>(1) In Case of profit① Single defect: a. when the influence level reaches or surpasses 3% of the profits before tax when appraising the annual consolidated statements of Tunghsu Photo-electricity, it will be considered as major defect; b. when the influence level is lower than 3% but reaches or surpasses 0.3% of the profits before tax when appraising the annual consolidated statements of Tunghsu Photo-electricity, it will be considered as major defect; c. when it is not belonged to major or important defects, then it will be</p>	<p>(1) Defects and problems concerning to the internal control: Single defect: when the influence level reaches or surpasses 0.3% of the sales revenue when appraising the annual consolidated statements of Tunghsu Photo-electricity, it will be considered as major defect; b. when the influence level is lower than 3% but reaches or surpasses 0.3% of the sales revenue when appraising the annual consolidated statements of Tunghsu Photo-electricity, it will be considered as major defect; c. when it is not belonged</p>

	<p>considered as normal defect. ② The collection of defects influencing the same important account title or disclosure: a. when the influence level after collection reaches or surpasses 3% of the profits before tax when appraising the annual consolidated statements of Tunghsu Photo-electricity, it will be considered as major defect; b. when the influence level after collection is lower than 3% but reaches or surpasses 0.3% of the profits before tax when appraising the annual consolidated statements of Tunghsu Photo-electricity, it will be considered as major defect; c. when it is not belonged to major or important defects, then it will be considered as normal defect.</p>	<p>to major or important defects, then it will be considered as normal defect. ② The collection of defects influencing the same important account title or disclosure: a. when the influence level after collection reaches or surpasses 0.3% of the sales revenue when appraising the annual consolidated statements of Tunghsu Photo-electricity, it will be considered as major defect; b. when the influence level after collection is lower than 0.3% but reaches or surpasses 0.03% of the sales revenue when appraising the annual consolidated statements of Tunghsu Photo-electricity, it will be considered as major defect; c. when it is not belonged to major or important defects, then it will be considered as normal defect. (2) For internal control defects and problems including personal fraud, please refer to the integrity management related rules of the company. Standards of internal control defects and problems including personal fraud: a. normal defects: less than one million yuan, or punishments by the government departments following the provincial level (including provincial) without negative effects on regular reports or disclosures published by Tunghsu Photo-electricity; b. major defects: one million yuan (including one million) to ten million yuan, or punishments by the government departments at the national level without negative effects on regular reports or disclosures published by Tunghsu Photo-electricity; c. major defects: 10 million or more or defects which have been officially announced and caused negative effects on regular reports or disclosures published by Tunghsu Photo-electricity</p>
Number of major defects in financial		0

reporting (a)	
Number of major defects in non financial reporting (a)	0
Number of important defects in financial reporting (a)	0
Number of important defects in non financial reporting (a)	0

X. Internal Control audit report

☒ Applicable ☐ Not applicable

Review opinions in the internal control audit report	
As far as our best understanding, Tunghsu Optoelectronic Company has been conducting effective internal control over its financial reporting system in all material aspects we observed as of February 1, 2017, and has been following with the Enterprise Internal Control Criteria.	
Disclosure of internal audit report	Disclosure
Disclosure date of audit report of internal control (full-text)	April 20,2018
Index of audit report of internal control (full-text)	http://www.cninfo.com.cn
Internal audit report's opinion	Unqualified audit opinion
Non-financial reporting the existence of significant deficiencies	No

Has the CPAs issued a qualified auditor's report of internal control .

☐ Yes ☒ No

Does the internal control audit report issued by the CPAs agree with the self-assessment report of the Board of Directors

☒ Yes ☐ No

X. Corporation bonds

Whether or not the Company public offering corporation bonds in stock exchange, which undue or without payment in full at maturity on the approval date for annual report disclosed

Yes

I. Basic information of the corporate bonds

Bond Name	Abbreviated Bond Name	Code	Issue Date	Date Due	Bond Balance(RMB '0000)	Interest Rate	Method of repayment of the principal and interest payment
2015-corporate bond of Tunghsu Optoelectronic Technology Co., Ltd	15 Tunghsu bonds	112243	May 19,2015	May 19,2020	100,000	6.00%	Interest paid every year, the principal will be repaid with the last unpaid interest in one time as the bond due
Listed place or Transaction place for the corporate bonds		Shenzhen Stock Exchange					
Arrangement of investor's eligibility		Investor's put table right					
Information about interest paid and bonds honored during the reporting period		The first period bond interest 60,000,000.00 was paid in full amount on schedule in the current period					
Implementation of relevant special clauses(if applicable) such as option clause for the bond issuer or investors and exchangeable clause		None happened in the reporting period					

II. Information about the bond trustee and credit rating agency

Bond trustee:							
Name	Guangzhou Securities Co., Ltd.	Business Address	20/F, Main Tower , Guangzhou International Finance Center, No.5 Zhujiang West Road, Tianhe District Guangzhou City	Contacts	Shi Jianhua, Yan Xiangjun	Tel	020-88836999
The credit rating agency who follow up and rate the corporate bonds in the reporting period:							
Name	United Rating Co.,Ltd			Business Address	Room 508 Ailiyuan Apartment, No.38 Water Park North Road, Nankai District, Tianjin City		
During the report period, the bond trustee, credit rating agency employed by the company that have changed, reasons for the change, performing procedures, relevant influence on investors, etc (if applicable)		Not applicable					

III.Information about the use of the funds raised by issuing corporate bonds

The information of the use of the funds raised by issuing corporate bonds and related implementation procedure	Using the funds raised by issuing corporate bonds strictly conforming to the purpose stipulated by Rules of Management and Use of the Raised Funds and the Prospectus, and implemented the corresponding approval procedures
Ending balance of the year(RMB'0000)	0
Operation status of the special account for the raised funds	Normal
Whether the use of the raised funds conforming to the purpose, use plan and other provisions specified in the	The use of the raised funds conformed to the purpose promised in the Prospectus

Prospectus

IV. Information about the rating of the corporate bonds

On May 24, 2017, United Ratings Co., Ltd. issued trace rating report LHPZ [2017] No.448 based on the company's 2016 Annual Report. This rating result is long-term credit rating AA+ and its outlook is "Steady".

(For details, please refer to the "Tracking Rating Announcement" of the company disclosed on www.cninfo.com on May 26, 2017)

According to the United Rating Co.,Ltd's requirements on tacking and rating, a regular rating shall be carried out within 2 months after the company's disclosure of 2017 annual report. Also, the United Rating Co.,Ltd shall carry out randomly tracking and rating during the duration of the corporate bonds based on relevant information.

V. The corporate bond's credit mechanism, repayment plan and other safeguard measures for repayment

Repayment Plan

I. Payment of the interest

1. The interest of the bonds shall be paid each year and the last payment of interest shall be paid with the principal. Every payment of interest shall not be charged on interest after the interest paying day and the principal shall not be charged on interest after the bond's date due. The interest payment day of this corporate bond is May 19 of each year from 2016 to 2020(If it is not a working day, the payment day will be postponed to the first working day after the day).If the investors exercise the puttable right at the end of the third year in the duration of the bond, the interest payment day of the bonds sold back is May 19 of each year from 2016 to 2018.

2. The payment of the interest of the bonds shall be handled through the bond registration institution and other related institutions. The concrete information of the interest payment will be specified in the Interest Payment Announcement issued on the media designated by CSRC, with in accordance with the relevant state regulations.

3. According to relevant national tax laws and regulations, the investor of the corporate bond shall fully bear the relevant tax should be paid.

II. The repayment of the principal

1. The principal will be fully repaid in a time, and its repaying day is May 19, 2020. If the investors exercise the puttable right at the end of the third year in the duration of the bond, the repaying day of the

principal of the bonds being sold back is May 19, 2018. (If the repaying day aforesaid is not a working day, the repaying day shall be postponed to the first working day after the original day, and there is no need to pay interest in the deferred period)

2. The repayment of the principal of the bonds will be handled through the bond registration institution and other related institutions. The concrete information of repayment of the principal of the bonds will be specified in the Principal Repayment Announcement issued on the media designated by CSRC, with in accordance with the relevant state regulations.

Safeguard measures for the repayment

I. A designated special department in charge of the repayment working

The company designated its finance department to take the lead in the coordination work for repayment of the bonds and the finance department shall coordinate other relevant departments to schedule the demanded funds for the repayment of the bonds in every year's financial budget, for ensuring the repayment of the interest and principal of the bonds is timely, guaranteeing the bond-holder's interest. The company will set up a working team for repayment 15days before the day that is the interest paying day or principal repaying day of the bonds, with the personnel of the finance department being included, to specially in charge of the work of paying the interest of the bonds and the repayment of the principal.

II. Establishing Meeting Rules for Bond-holders

According to the provisions specified in the Pilot Approach, the company with bond trustee has established the Meeting Rules for Bond-holders for the corporate bonds. The Meeting Rules for Bond-holders specified the scope, procedures and other important items for the bond-holders to exercise rights through the Meeting of the Bond-holders, which provided a reasonable institutional arrangement for the timely and full payment to the interest and the principal of the corporate bonds.

III. Making the full use of the bond trustee

According to the requirements specified in the Pilot Approach, the company has adopted the institution of bond trustee, engaged Guangzhou Securities Co.,Ltd as the trustee of the bonds this time and signed the Agreement of Bond Entrusted Management with Guangzhou Securities. The Bond Trustee shall represent all the bond-holders to supervise the relevant information about the company and take all necessary measures to protect the legitimate interest of the bond-holders when the interest or principal of the bonds cannot be repaid in time. The company shall strictly conform to the provisions specified in the Agreement of Bond Entrusted Management, being cooperative when the bond trustee performance its duties, and regularly submit the report of commitment fulfillment status to the bond trustee. When there is a possible bond default, the company shall notice the bond trustee in time, thus the bond trustee can take other necessary measures in time according to the Bond Entrusted Management.

IV. Strictly fulfilling the obligation of information disclosure

The company shall adhere to the information disclosure principles of authentic, accurate and completed, making the information of the company's repaying ability and use of the raised funds to be supervised by the bond trustee and shareholders, for preventing the risk of repayment. According to the Agreement of Bond Entrusted Management and relevant regulations, the company shall release the information of major issues, which include but not limited to the following contents: (1) According to the Prospectus and agreement with the registered trustee institution, the company shall transfer the maturity interest payment or principal to the account designated by the registered trustee institution; (2) By estimate or in fact, the company cannot fully repay the interest or principal of the bonds in time according to the provisions stipulated in the Prospectus; (3) Signing the guarantee contract for external or other major contracts may have significant adverse effects of repaying the interest and principal of the bonds; (4) A severe loss occurred or expected to occur, and the loss exceeds 10% of the net asset audited in the last accounting year; (5) Occurrence of capital reduction, merger, division, dissolution, file for bankruptcy, entering into bankruptcy procedure or other main changes of the company; (6) Occurrence of the amount of subject in the major arbitration or lawsuit exceeding 10% of the net asset audited in the last accounting year; (7) Planning to dispose the asset or debt with subject amount exceeding 10% of the net asset audited in the last accounting year; (8) Planning to change the bond trustee; (9) Failing to perform or Planning to change the stipulations specified in the Prospectus; (10) Alteration of the designated person for specially in charge of the relevant matters of the corporate bonds; (11) Occurrence of suspending the bond transaction; (12) Others may significantly impact the repaying of the interest and principal or circumstances specified by laws, administrative regulations and stipulations by the CSRC or exchange.

V. Setting up the capital management plan and strictly implementing the plan

After the issuance of the bonds, the company shall further reinforce the company's assets and liabilities management, liquidity management, use management of the raised funds, funds management and so forth according to the company's debt structure. Also, the company will set up monthly and yearly funds use plan based on the maturity of repaying the interest and principal, ensuring on-schedule, timely and full-amount preparing of the funds for repaying every year's interest or principal of the bonds to adequately protect the investor's interest.

VI. Commitments

According to the resolutions of the issuance of the bonds approved on the board meeting on Oct 21, 2014 and the general meeting of shareholders on Nov 6, 2014, when the company cannot repay the interest or principal of the bonds in time or fully repay the interest or principal of the bonds, the company shall take the following resolutions and make corresponding measures: (1) None profit distribution to shareholders; (2) Postponing capital expenditure items, such as major investment, merger and acquisition; (3) Reducing or stopping the salaries and bonuses of the directors and senior management personnel; (4) No transferring of

principal responsible personnel and so on.

VI. Information about the bond-holder meeting during the reporting period

There was no bond-holder meeting convened in the reporting period.

VII. Information about the obligations fulfilled by the bond trustee in the reporting period

The bond trustee has been continuously following up the company's credit status, and paid a visit to the company in Dec, 2017, checking the bank statement of the designated account for the raised funds. Also, the trustee has been continuously supervising the use of the raised funds.

VIII. The key accounting data and financial indicators of the latest two years to the end of the reporting period

In RMB'0000

Items	2017	2016	Rate of change in the same period
Earnings before interest, tax, depreciation and amortization	456,609.71	315,263.18	44.83%
Current ratio	225.02%	366.04%	-141.02%
Debt ratio	52.64%	51.52%	1.12%
Quick ratio	178.54%	293.45%	-114.91%
EBITDA/Total debts	12.82%	12.17%	0.65%
Interest coverage ratio	3	3.48	-13.79%
Cash interest coverage ratio	2.29	1.88	21.81%
EBITDA interest coverage ratio	3.66	3.72	-1.61%
Loans repayment rate	100.00%	100.00%	0.00%
Interest payment rate	100.00%	100.00%	0.00%

The material reasons for the changed ratio of the accounting data or financial indicators exceeds 30% over the last year

√Applicable □ Not applicable

The profit before tax, depreciation, amortization and amortization was mainly due to the increase in net profit during the period

IX. Information about the repayment of interest and principal for other bonds or debt financing instruments

1. Bonds issuing, interest payment and cashing within the report period

The company 8th Board of Directors approved the application to National Association of Financial Market Institutional Investors (NAFMII) for registration and issuance of less than 4.7 billion medium term note on September 8, 2016. The extraordinary general shareholders' meeting was convoked on September 26, 2016 and approved the program concerning the proposed registration and issuance of the medium term note. The medium term note in 2016 was 4.7 billion in two periods including the first period with two types of (3+2 years) and 5 years totaling up to 3 billion and the second period with two types of (3+2 years) and 5 years totaling up to 1.7 billion, which would both adopt the interest payment per year, principal repayment upon expiration and the interest payment together with the principal cashing for the last period. The interest payment period has not expires within the report period and the interest accrued was RMB 66,833,709.29 .

2. Unmatured bonds issuing, interest payment and cashing in previous years

As approved by China Securities Regulatory Commission file of ZJXK[2015] No. 635, the company issued toward the public 1 billion bones on May 19, 2015 , the first period bond interest 60,000,000.00 was paid in full amount on schedule in 2016, and the first period bond interest 284,280,000.00 was paid in full amount on schedule in 2017.

X.Information about the bank credit obtaining and use, as well as repayment of the bank loans during the reporting period

The balance of the total amount of the short-term and long-term loans is RMB 14,658,795,319.56, increased RMB168,466,119.43 compared with the end of year 2016, which mainly because of the need of the production and operation and the construction of projects. The company strictly conformed to requests of bank loans to use the funds and fully repaid the interest and principal to the bank in time.

XI. Information about fulfillment of the stipulations or commitments specified in the Prospectus of the issuance of the bonds during the reporting period

During the reporting period, the company had been strictly conforming to the stipulations specified in the Prospectus of the issuance of the bonds to use the raised funds, and the company had fulfilled the commitments of not using any raised funds to indirectly or directly invest real estate business or raise capital for the subsidiaries engaged in real estate business.

XII.Major events occurred during the reporting period

Nil

XIII. Whether the corporate bonds have a guarantor

☐ Yes ☒ No

XI. Financial Report**I. Audit report**

Type of auditing opinion	Standard report without qualified opinion
Date for signing the auditor's report	April 19, 2018
Name of audit firm	Date for signing the auditor's report
The audit of the report	ZXCGHSKZD(2017)No.:105036
Certified public accountant's name	Qi Zhenghua, Meng Xiaoguang

Auditors' Report

To all shareholders of Shareholders of Tunghsu Optoelectronic Technology Co., Ltd.:

I. Opinion

We have audited the financial statements of Tunghsu Optoelectronic Technology Co., Ltd. (hereinafter referred to as "the Company"), which comprise the balance sheet as at December 31, 2017, and the income statement, the statement of cash flows and the statement of changes in owners' equity for the year then ended and notes to the financial statements.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with Accounting Standards for Business Enterprises and present fairly the financial position of the Company as at December 31, 2017 and its operating results and cash flows for the year then ended.

II. Basis for Our Opinion

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants in China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. According to the Code of Ethics for Chinese CPA, we are independent of the Company in accordance with the Code of Ethics for Chinese CPA and we

have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We confirm that the following matters are the key audit matters that need to be communicated in the audit report:

(1) The Acquisition of Shanghai Sunlong Bus Co., Ltd

1. Description of the matter

For the related information disclosure, please refer to Note V,5,14, Note VII,20 and Note VIII,1.

1 to the financial report.

On October 26, 2017, Tunghsu Optoelectronic Co., Ltd, by paying a consideration of RMB 3 billion (including RMB 400 million and the issued shares of RMB 2.6 billion), acquired the 100% stake of Shanghai Sunlong Bus Co., Ltd. This transaction led to that Tunghsu Optoelectronics has an increase of RMB 2513.4258 million in the operating income, an increase of RMB 3069.419 million in the total assets at the end of the reporting period and forms the goodwill of RMB 2331.9626 million at the end of the reporting period, thus the transaction was a major asset restructuring. On the one hand, the equity purchase transaction involves the accounting treatment of business acquisitions under not common control. On the other hand, the assessment involves the judgments of the assessment parameters including the discount rate and the assumptions regarding the operation and financial status of Shanghai Sunlong Bus Co., Ltd in the years to come such as the sales growth rate and the gross margins in the coming years, so that there are significant judgments; the accounting treatment results of the above transaction and the rationality of the acquisition judgments and assumptions have a significant impact on the financial report, so we deem this matter as a key audit matter.

2. Countermeasures in the Audit

In connection to the above key audit matter, we have implemented the following important audit procedures:

(1) Understand and test the internal control of Tunghsu Optoelectronic Co., Ltd on the major acquisition: Including understanding of the management's process from the acquisition intention to the adoption of resolutions, and checking the processes including the approvals and resolutions related to the

acquisition.

(2) Obtain and check the resolutions of shareholders' meetings, the legal documents, and special opinions issued by lawyers related to the acquisition, which excluded it was a related transaction, and confirmed it's the acquisition under not common control.

(3) Obtain and review the relevant documents such as the equity transfer agreement, the purchase payment document and the property right transfer formalities document, check whether the relevant legal procedures have been completed, and assess the management's judgment of the purchase date.

(4) Review the qualifications, professional competence and independence of asset appraiser(s).

(5) Evaluate whether the accounting treatment and presentation for the acquisition under not common control by the management of Tunghsu Optoelectronic Company is in line with the relevant provisions of the accounting standards.

(6) Assess the adequacy of the disclosure related to the acquisition in the financial statement.

(II) Impairment of goodwill

1. Description of the matter

For details of the related information disclosure, please refer to Note V,22 and Note VII,20.

As of December 31, 2017, the book balance of goodwill in the consolidated financial statements of Tunghsu Optoelectronic Company was RMB 2587.6781 million, and the provision for impairment of goodwill was RMB 0.00. The management performs an impairment test on goodwill at the end of each year and adjusts the book value of goodwill based on the results of the impairment test. The results of the goodwill impairment test largely depend on the management's estimates and assumptions adopted, such as the estimates of future cash flows and discount rates expected to be generated by the asset group. These estimates are influenced by the management's judgment on the future market and economic environment, and the adoption of different estimates and assumptions will have a significant impact on the recoverable value of the evaluated goodwill. Therefore, we deem this matter as a key audit matter.

2. Countermeasures in the Audit

In connection to the above key audit matter, we have implemented the following important audit procedures:

(1) Understand and test the internal control of the Southern Investment Company on the assessment of impairment of goodwill;

(2) Review the management's method of recognition of asset groups and method of apportioning goodwill; understand the historical performance and development plan of each asset group, as well as understand the macroeconomic trends and industry trends; evaluate the assumptions and methods adopted by the management in estimating the recoverable value of assets; evaluate and test of Tunghsu Optoelectronic

Company's assumptions in assessing whether the goodwill is impaired as of December 31, 2017, the valuation methods, the determination of asset groups related to goodwill, cash flow projections and other used data and parameters. We also evaluated other important parameters, including output, production costs, operating expenses and discount rates.

(3) Review the qualifications, professional competence, and independence of the asset appraiser (s), check the assessment report's assessment technical description, analyze and evaluate whether the selection value and the calculation formula are reasonable, review and recalculate the evaluation data. Meantime, carry out the interview(s) with the appraiser (s). The contents of the interview include the purpose and scope of the assessment report issued, its independence, the rationality of the selection of appraisal methods and the evaluation methods and evaluation process selected for each subject, and the selection of the main parameters, as well as the rationality of the evaluation results.

IV. Other information

The Company's management (hereinafter referred to as "management") is responsible for the other information. The other information comprises all of the information included in the Company's 2017 Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

V. Responsibilities of Management and Those Charged with Governance for the Financial Statements

The management is responsible for the preparation of the financial statements that give a fair view in accordance with CAS, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease

operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Company.

(4) Conclude on the appropriateness of using the going concern assumption by the management of the Company, and conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements and bear all liability for the opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit matters, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

II. Financial statements

Currency unit for the statements in the notes to these financial statements: RMB

1.Consolidated Balance sheet

Prepared by: Tunghsu Optoelectronic Technology Co., Ltd.

December 31,2017

In RMB

Items	Year-end balance	Year-beginning balance
Current asset:		
Cash and bank balances	27,371,178,417.85	26,443,235,266.21
Settlement provision		
Outgoing call loan		
Financial assets measured at fair		

value with variations accounted into current income account		
Derivative financial assets		
Notes receivable	538,128,584.84	59,902,225.13
Account receivable	7,912,616,302.75	1,714,679,861.53
Prepayments	2,020,261,446.90	988,916,154.98
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Interest receivable	49,456,785.29	
Dividend receivable		
Other account receivable	1,044,888,336.32	721,608,076.83
Repurchasing of financial assets		
Inventories	4,890,519,146.03	2,921,052,065.26
Assets held for sales	213,034,435.58	
Non-current asset due in 1 year		2,106,800.00
Other current asset	2,485,890,689.74	3,246,509,242.21
Total of current assets	46,525,974,145.30	36,098,009,692.15
Non-current assets:		
Loans and payment on other's behalf disbursed		
Disposable financial asset	100,000,056.00	
Expired investment in possess		
Long-term receivable	143,988,866.91	
Long term share equity investment	2,130,640,158.90	72,510,237.90
Property investment	58,229,439.86	
Fixed assets	11,091,555,183.08	10,840,222,912.29

Construction in progress	3,253,114,879.80	1,772,735,464.69
Engineering material		304,468.05
Fixed asset pending for disposal		
Productive biological assets		
Gas & petrol		
Intangible assets	976,481,259.03	653,690,882.24
R & D petrol	15,397,704.97	
Goodwill	2,587,678,140.99	33,935,384.57
Long-term expenses to be amortized	26,538,304.02	12,322,890.33
Differed income tax asset	469,313,252.72	332,635,559.27
Other non-current asset	304,417,835.33	471,012,924.19
Total of non-current assets	21,157,355,081.61	14,189,370,723.53
Total of assets	67,683,329,226.91	50,287,380,415.68
Current liabilities		
Short-term loans	5,712,826,382.20	5,003,616,200.13
Loan from Central Bank		
Deposit received and hold for others		
Call loan received		
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		
Notes payable	1,063,897,679.89	447,091,500.54
Account payable	4,602,026,192.66	1,216,624,146.79
Advance payment	1,655,128,026.63	443,346,492.94
Selling of repurchased financial assets		
Fees and commissions receivable		
Employees' wage payable	207,448,043.86	48,423,632.50

Tax payable	294,699,104.59	227,502,052.71
Interest payable	106,119,769.42	93,355,906.41
Dividend payable	35,000,000.00	30,000,000.00
Other account payable	1,763,117,468.05	119,679,676.51
Reinsurance fee payable		
Insurance contract provision		
Entrusted trading of securities		
Entrusted selling of securities		
Liabilities held for sales		
Non-current liability due in 1 year	5,009,292,363.77	2,146,476,807.82
Other current liability	227,155,178.97	85,535,473.05
Total of current liability	20,676,710,210.04	9,861,651,889.40
Non-current liabilities:		
Long-term loan	4,784,726,250.77	7,916,159,000.00
Bond payable	5,665,126,090.52	5,653,912,494.73
Including: preferred stock		
Sustainable debt		
Long-term payable	3,276,308,254.44	1,514,308,568.67
Long-term payable employees's remuneration		
Special payable		
Expected liabilities	156,421,713.31	
Deferred income	506,635,206.44	461,666,654.10
Differed income tax liability	60,149,328.74	413,257.79
Other non-current liabilities	500,000,000.00	500,000,000.00
Total non-current liabilities	14,949,366,844.22	16,046,459,975.29
Total of liability	35,626,077,054.26	25,908,111,864.69
Owners' equity		

Share capital	5,730,250,118.00	4,939,928,983.00
Other equity instruments		
Including: preferred stock		
Sustainable debt		
Capital reserves	21,792,405,220.42	16,338,960,810.89
Less: Shares in stock	4,422,320.00	4,422,320.00
Other comprehensive income	-4,518.45	
Special reserves	1,983,921.21	
Surplus reserves	224,133,824.86	188,044,070.48
Common risk provision		
Undistributed profit	3,178,450,209.42	1,823,695,278.31
Total of owner's equity belong to the parent company	30,922,796,455.46	23,286,206,822.68
Minority shareholders' equity	1,134,455,717.19	1,093,061,728.31
Total of owners' equity	32,057,252,172.65	24,379,268,550.99
Total of liabilities and owners' equity	67,683,329,226.91	50,287,380,415.68

Legal representative : Li Zhaoting

Person-in-charge of the accounting work: Huang Jinliang

Person-in -charge of the accounting organ: Gao Feipeng

2. Balance sheet of the Parent Company

In RMB

Items	Year-end balance	Year-beginning balance
Current asset:		
Cash and bank balances	11,224,359,236.39	16,951,756,537.76
Financial assets measured at fair value with variations accounted into current income account		

Derivative financial assets		
Notes receivable	200,000.00	946,400.00
Account receivable	23,837,262.59	19,896,753.26
Prepayments	16,902,375.19	4,280,852.37
Interest receivable	41,868,921.15	
Dividend receivable	665,000,000.00	570,000,000.00
Other account receivable	4,790,712,672.70	4,925,419,456.78
Inventories	509,283,364.38	500,254,494.97
Assets held for sales		
Non-current asset due in 1 year		
Other current asset	1,220,148,973.38	2,000,019,211.84
Total of current assets	18,492,312,805.78	24,972,573,706.98
Non-current assets:		
Disposable financial asset	100,000,056.00	
Expired investment in possess		
Long-term receivable		
Long term share equity investment	23,020,364,897.17	11,373,791,986.49
Property investment		
Fixed assets	44,669,881.93	49,516,721.87
Construction in progress		
Engineering material		
Fixed asset disposal		
Production physical assets		
Gas & petrol		
Intangible assets	9,687,094.58	9,951,171.11
R & D petrol		
Goodwill		

Long-germ expenses to be amortized		
Differed income tax asset	58,105,970.47	3,712,603.85
Other non-current asset	1,381,400.00	
Total of non-current assets	23,234,209,300.15	11,436,972,483.32
Total of assets	41,726,522,105.93	36,409,546,190.30
Current liabilities		
Short-term loans	2,760,000,000.00	3,242,500,000.00
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		
Notes payable		159,820,750.00
Account payable	15,219,920.86	147,012,816.26
Advance payment	421,587.90	10,587.90
Employees' wage payable	4,061,413.48	3,700,741.68
Tax payable	28,150,779.48	20,970,299.00
Interest payable	79,827,566.10	72,569,720.24
Dividend payable		
Other account payable	423,790,359.27	2,889,692,312.04
Liabilities held for sales		
Non-current liability due in 1 year	2,769,233,333.30	400,005,000.00
Other current liability		
Total of current liability	6,080,704,960.39	6,936,282,227.12
Non-current liabilities:		
Long-term loan	1,512,500,000.00	2,887,600,000.00
Bond payable	5,665,126,090.52	5,653,912,494.73
Including: preferred stock		
Sustainable debt		

Long-term payable		
Employees' wage payable		
Special payable		
Expected liabilities		
Differed income		
Differed income tax liability		
Other non-current liabilities		
Total of Non-current liabilities	7,177,626,090.52	8,541,512,494.73
Total of liability	13,258,331,050.91	15,477,794,721.85
Owners' equity		
Share capital	5,730,250,118.00	4,939,928,983.00
Other equity instrument		
Including: preferred stock		
Sustainable debt		
Capital reserves	21,861,207,672.90	15,130,191,736.27
Less: Shares in stock	4,422,320.00	4,422,320.00
Other comprehensive income		
Special reserves		
Surplus reserves	205,144,600.53	169,054,846.15
Undistributed profit	676,010,983.59	696,998,223.03
Total of owners' equity	28,468,191,055.02	20,931,751,468.45
Total of liabilities and owners' equity	41,726,522,105.93	36,409,546,190.30

3.Consolidated income statement

In RMB

Items	Report period	Same period of the previous year
I. Income from the key business	17,336,364,158.13	7,632,049,549.25

Incl: Business income	17,336,364,158.13	7,632,049,549.25
Interest income		
Insurance fee earned		
Fee and commission received		
II. Total business cost	15,472,266,758.43	6,380,015,003.02
Incl: Business cost	13,723,971,704.92	5,296,889,549.20
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Insurance policy dividend paid		
Insurance policy dividend paid		
Reinsurance expenses		
Business tax and surcharge	90,925,274.67	53,166,725.68
Sales expense	207,927,383.90	81,435,240.75
Administrative expense	642,078,589.01	482,721,909.11
Financial expenses	754,315,520.66	439,161,361.39
Asset impairment loss	53,048,285.27	26,640,216.89
Add: Gains from change of fir value (“-”for loss)		
Investment gain (“-”for loss)	63,704,853.98	553,208.83
Incl: investment gains from affiliates	4,663,254.00	-71,448.71
Gains from currency exchange (“-”for loss)		
Assets disposal income		32,802.02
Other income	351,436,935.11	
III. Operational profit (“-”for loss)	2,279,239,188.79	1,252,620,557.08
Add : Non-operational income	3,469,062.38	370,066,207.71

Less: Non business expenses	1,808,772.80	10,895,397.05
IV.Total profit("-"for loss)	2,280,899,478.37	1,611,791,367.74
Less: Income tax expenses	342,028,343.61	223,007,159.04
V. Net profit	1,938,871,134.76	1,388,784,208.70
1.Net continuing operating profit	1,938,871,134.76	1,388,784,208.70
2.Termination of operating net profit		
Net profit attributable to the owners of parent company	1,743,666,827.25	1,303,685,863.90
Minority shareholders' equity	195,204,307.51	85,098,344.80
VI. Other comprehensive income	-4,518.45	
Net of profit of other comprehensive income attributable to owners of the parent company.	-4,518.45	
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period		
1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.		
(II) Other comprehensive income that will be reclassified into profit or loss.	-4,518.45	
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2.Gains and losses from changes in fair value available for sale financial assets		

3.Held-to-maturity investments reclassified to gains and losses of available for sale financial assets		
4.The effective portion of cash flow hedges and losses		
5.Translation differences in currency financial statements	-4,518.45	
6.Other		
Net of profit of other comprehensive income attributable to Minority shareholders' equity		
VII. Total comprehensive income	1,938,866,616.31	1,388,784,208.70
Total comprehensive income attributable to the owner of the parent company	1,743,662,308.80	1,303,685,863.90
Total comprehensive income attributable minority shareholders	195,204,307.51	85,098,344.80
VIII. Earnings per share		
(I) Basic earnings per share	0.33	0.28
(II)Diluted earnings per share	0.33	0.28

The current business combination under common control, the net profits of the combined party before achieved net profit of RMB 79,090,446.84, last period the combined party realized RMB70,303,263.53.

Legal representative : Li Zhaoting

Person-in-charge of the accounting work: Zhou Bo

Person-in -charge of the accounting organ: Gao Feipeng

4. Income statement of the Parent Company

In RMB

Items	Report period	Same period of the previous year
I. Income from the key business	224,036,245.36	594,015,768.80
Incl : Business cost	157,850,832.08	377,499,453.37
Business tax and surcharge	5,861,889.82	2,310,745.51
Sales expense		684,247.25
Administrative expense	40,897,093.83	50,896,860.49
Financial expenses	440,687,806.43	173,879,327.05
Asset impairment loss	953,612.93	372,456.70
Add : Gains from change of fir value (“-”for loss)		
Investment gain (“-”for loss)	728,710,908.36	570,553,208.83
Incl: investment gains from affiliates	4,680,716.60	-71,448.71
Assets disposal income		
Other income	5,000.00	
II. Operational profit (“-”for loss)	306,500,918.63	558,925,887.26
Add : Non-operational income	3,258.50	49,775.95
Less : Non business expenses		8,698,575.00
III.Total profit(“-”for loss)	306,504,177.13	550,277,088.21
Less : Income tax expenses	-54,393,366.62	-2,928,332.40
IV. Net profit (“-”for net loss)	360,897,543.75	553,205,420.61
1.Net continuing operating profit		
2.Termination of operating net profit		
V.Net of profit of other comprehensive i ncome		
(I) Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period		

1.Re-measurement of defined benefit plans of changes in net debt or net assets		
2.Other comprehensive income under the equity method investee can not be reclassified into profit or loss.		
(II) Other comprehensive income that will be reclassified into profit or loss.		
1.Other comprehensive income under the equity method investee can be reclassified into profit or loss.		
2.Gains and losses from changes in fair value available for sale financial assets		
3.Held-to-maturity investments reclassified to gains and losses of available for sale financial assets		
4.The effective portion of cash flow hedges and losses		
5.Translation differences in currency financial statements		
6.Other		
VI. Total comprehensive income	360,897,543.75	553,205,420.61
VII. Earnings per share :		
(I) Basic earnings per share		
(II)Diluted earnings per share		

5. Consolidated Cash flow statement

In RMB

Items	Report period	Same period of the previous year
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I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	16,350,348,547.92	8,596,061,529.26
Net increase of customer deposits and capital kept for brother company		
Net increase of loans from central bank		
Net increase of inter-bank loans from other financial bodies		
Cash received against original insurance contract		
Net cash received from reinsurance business		
Net increase of client deposit and investment		
Net increase of trade financial asset disposal		
Cash received as interest, processing fee and commission		
Net increase of inter-bank fund received		
Net increase of repurchasing business		
Tax returned	367,968,395.17	335,385,454.99
Other cash received from business operation	1,390,004,463.13	282,468,019.90
Sub-total of cash inflow	18,108,321,406.22	9,213,915,004.15
Cash paid for purchasing of merchandise and services	13,876,929,214.04	5,814,696,554.68
Net increase of client trade and advance		
Net increase of savings n central bank and brother company		

Cash paid for original contract claim		
Cash paid for interest, processing fee and commission		
Cash paid for policy dividend		
Cash paid to staffs or paid for staffs	667,256,598.42	564,640,991.86
Taxes paid	848,017,417.70	568,075,017.04
Other cash paid for business activities	1,450,344,747.72	1,517,545,276.33
Sub-total of cash outflow from business activities	16,842,547,977.88	8,464,957,839.91
Cash flow generated by business operation, net	1,265,773,428.34	748,957,164.24
II.Cash flow generated by investing		
Cash received from investment retrieving	10,720,000,000.00	
Cash received as investment gains	61,158,304.69	624,657.54
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	4,233.00	48,130.00
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	110,685,142.80	6,120,000.00
Sub-total of cash inflow due to investment activities	10,891,847,680.49	6,792,787.54
Cash paid for construction of fixed assets, intangible assets and other long-term assets	2,164,424,059.00	989,614,914.45
Cash paid as investment	2,743,196,945.39	
Net increase of loan against pledge		
Net cash received from subsidiaries and	409,333,786.20	338,104,163.58

other operational units		
Other cash paid for investment activities	11,372,003,800.00	2,000,000,000.00
Sub-total of cash outflow due to investment activities	16,688,958,590.59	3,327,719,078.03
Net cash flow generated by investment	-5,797,110,910.10	-3,320,926,290.49
III.Cash flow generated by financing		
Cash received as investment	4,089,127,645.26	8,731,678,682.37
Incl: Cash received as investment from minor shareholders	381,127,660.00	521,242,556.53
Cash received as loans	6,415,966,666.66	8,284,561,556.00
Cash received from bond placing		4,662,400,000.00
Other financing –related ash received	6,043,415,983.16	2,171,694,477.99
Sub-total of cash inflow from financing activities	16,548,510,295.08	23,850,334,716.36
Cash to repay debts	7,641,192,931.29	6,438,451,400.00
Cash paid as dividend, profit, or interests	1,486,353,610.28	1,121,153,994.10
Incl: Dividend and profit paid by subsidiaries to minor shareholders	30,000,000.00	20,000,000.00
Other cash paid for financing activities	3,255,362,985.49	366,700,179.42
Sub-total of cash outflow due to financing activities	12,382,909,527.06	7,926,305,573.52
Net cash flow generated by financing	4,165,600,768.02	15,924,029,142.84
IV. Influence of exchange rate alternation on cash and cash equivalents	-20,700,620.86	-13,221,447.33
V.Net increase of cash and cash equivalents	-386,437,334.60	13,338,838,569.26
Add: balance of cash and cash	25,415,516,739.84	12,076,678,170.58

equivalents at the beginning of term		
VI .Balance of cash and cash equivalents at the end of term	25,029,079,405.24	25,415,516,739.84

6. Cash Flow Statement of the Parent Company

In RMB

Items	Amount in this period	Amount in last period
I.Cash flows from operating activities		
Cash received from sales of goods or rendering of services	257,729,472.43	699,026,374.97
Tax returned		1,087,987.52
Other cash received from business operation	727,597,222.22	357,156,884.07
Sub-total of cash inflow	985,326,694.65	1,057,271,246.56
Cash paid for purchasing of merchandise and services	499,508,106.89	520,896,541.92
Cash paid to staffs or paid for staffs	12,003,112.70	10,818,244.29
Taxes paid	13,008,194.55	13,408,035.17
Other cash paid for business activities	704,986,879.59	3,116,834,772.50
Sub-total of cash outflow from business activities	1,229,506,293.73	3,661,957,593.88
Cash flow generated by business operation, net	-244,179,599.08	-2,604,686,347.32
II.Cash flow generated by investing		
Cash received from investment retrieving	10,720,000,000.00	
Cash received as investment gains	631,146,896.47	380,624,657.54
Net cash retrieved from disposal of fixed assets, intangible assets, and other		

long-term assets		
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received	4,090,240,995.50	23,563,779.00
Sub-total of cash inflow due to investment activities	15,441,387,891.97	404,188,436.54
Cash paid for construction of fixed assets, intangible assets and other long-term assets	108,600.00	91,025.64
Cash paid as investment	8,020,648,977.50	1,871,949,217.01
Net cash received from subsidiaries and other operational units		
Other cash paid for investment activities	16,271,549,676.04	3,223,701,000.00
Sub-total of cash outflow due to investment activities	24,292,307,253.54	5,095,741,242.65
Net cash flow generated by investment	-8,850,919,361.57	-4,691,552,806.11
III.Cash flow generated by financing		
Cash received as investment	3,707,999,985.26	6,910,436,125.84
Cash received as loans	4,241,666,666.66	6,172,700,000.00
Cash received from bond placing		4,662,400,000.00
Other financing –related ash received	241,954,213.63	183,657,813.79
Sub-total of cash inflow from financing activities	8,191,620,865.55	17,929,193,939.63
Cash to repay debts	3,730,033,333.36	2,912,600,000.00
Cash paid as dividend, profit, or interests	1,044,754,330.46	603,168,436.60
Other cash paid for financing activities	49,565,032.84	587,464.25
Sub-total of cash outflow due to	4,824,352,696.66	3,516,355,900.85

financing activities		
Net cash flow generated by financing	3,367,268,168.89	14,412,838,038.78
IV. Influence of exchange rate alternation on cash and cash equivalents	433,490.39	
V.Net increase of cash and cash equivalents	-5,727,397,301.37	7,116,598,885.35
Add: balance of cash and cash equivalents at the beginning of term	16,951,756,537.76	9,835,157,652.41
VI ..Balance of cash and cash equivalents at the end of term	11,224,359,236.39	16,951,756,537.76

7. Consolidated Statement on Change in Owners' Equity

Amount in this period

In RMB

Items	Amount in this period											
	Owner's equity Attributable to the Parent Company										Minor shareholders' equity	Total of owners' equity
	Share Capital	preferred stock	Other Equity instrument	Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Attributable profit		
I.Balance at the end of last year	4,939,928,983.00			16,338,960,810.89	4,422,320.00			188,044,070.48		1,823,695,278.31	1,093,061,728.31	24,379,268,550.99
Add: Change of accounting policy												

Correcting of previous errors													
Merger of entities under common control													
Other													
II. Balance at the beginning of current year	4,939,928.98	3.00			16,338,960.89	4,422,320.00			188,044,070.48		1,823,695,278.31	1,093,061,728.31	24,379,268,550.99
III. Changed in the current year	790,321,135.00				5,453,444,409.53		-4,518.45	1,983,921.21	36,089,754.38		1,354,754,931.11	41,393,988.88	7,677,983,621.66
(1) Total comprehensive income							-4,518.45				1,743,666,827.25	195,204,307.51	1,938,866,616.31
(II) Investment or decreasing of capital by owners	790,321,135.00				6,690,326,329.82							382,886,041.50	7,863,533,506.32
1. Ordinary Shares invested by shareholders	790,321,135.00				6,728,522,710.65							382,886,041.50	7,901,729,887.15
2. Holders of other equity instruments invested capital													
3. Amount of shares paid and accounted as owners' equity													
4. Other					-38,196,380.83								-38,196,380.83
(III) Profit									36,089,		-388,91	-35,000,	-387,82

allotment								754.38		1,896.14	000.00	2,141.76
1.Providing of surplus reserves								36,089,754.38		-36,089,754.38		
2.Providing of common risk provisions												
3. Allotment to the owners (or shareholders)										-352,822,141.76	-35,000,000.00	-387,822,141.76
4. Other												
(IV) Internal transferring of owners' equity												
1. Capitalizing of capital reserves (or to capital shares)												
2. Capitalizing of surplus reserves (or to capital shares)												
3. Making up losses by surplus reserves.												
4. Other												
(V). Special reserves								1,983,921.21			1,906,120.38	3,890,041.59
1. Provided this year								38,971,707.64			1,906,120.38	40,877,828.02
2. Used this term								-36,987,786.43				-36,987,786.43

(VI) Other					-1,236,881,920.29							-503,602,480.51	-1,740,484,400.80
IV. Balance at the end of this term	5,730,250,118.00				21,792,405,220.42	4,422,320.00	-4,518.45	1,983,921.21	224,133,824.86		3,178,450,209.42	1,134,455,717.19	32,057,252,172.65

Amount in last year

In RMB

Items	Amount in last year												
	Owner's equity Attributable to the Parent Company											Minor shareholders' equity	Total of owners' equity
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Specialized reserve	Surplus reserves	Common risk provision	Attributable profit		
I. Balance at the end of last year	3,835,000,526.00				9,391,388,905.89	9,011,520.00			132,723,528.42		969,380,500.97	241,966,823.32	14,561,448,764.60
Add: Change of accounting policy													
Correcting of previous errors													
Merger of entities under common control					331,750,000.00						-125,600,507.68	225,622,907.84	431,772,400.16
Other													
II. Balance at the beginning of	3,835,000,526.00				9,723,138,905.89	9,011,520.00			132,723,528.42		843,779,500.97	467,589,823.32	14,993,221,164.60

current year	6.00				89	20.00			,528.42		,993.29	,731.16	.76
III.Changed in the current year	1,104,928,457.00				6,615,821,905.00	-4,589,200.00			55,320,542.06		979,915,285.02	625,471,997.15	9,386,047,386.23
(1) Total comprehensive income											1,303,685,863.90	85,098,344.80	1,388,784,208.70
(II) Investment or decreasing of capital by owners	1,104,928,457.00				5,815,821,905.00	-4,589,200.00						521,242,556.53	7,446,582,118.53
1. Ordinary Shares invested by shareholders	1,104,928,457.00				5,805,507,668.84							521,242,556.53	7,431,678,682.37
2. Holders of other equity instruments invested capital													
3. Allotment to the owners (or shareholders)						-4,589,200.00							4,589,200.00
4. Other					10,314,236.16								10,314,236.16
(IV) Internal transferring of owners' equity									55,320,542.06		-323,770,578.88	-30,000,000.00	-298,450,036.82
1. Capitalizing of capital reserves (or to capital shares)									55,320,542.06		-55,320,542.06		
2. Capitalizing of surplus reserves (or to capital shares)													

3. Making up losses by surplus reserves.											-268,450,036.82	-30,000,000.00	-298,450,036.82
4. Other													
(VI)Special reserves													
1. Provided this year													
2. Used this term													
(VII) Other													
IV. Balance at the end of this term													
(V) Special reserves													
1. Provided this year								5,758,164.61					5,758,164.61
2. Used this term								-5,758,164.61					-5,758,164.61
(VI) Other					800,000,000.00							49,131,095.82	849,131,095.82
IV. Balance at the end of this term	4,939,928,983.00				16,338,960,810.89	4,422,320.00			188,044,070.48		1,823,695,278.31	1,093,061,728.31	24,379,268,550.99

8. Statement of change in owner's Equity of the Parent Company

Amount in this period

In RMB

Items	Amount in this period								
	Share	Other Equity instrument	Capital	Less:	Other	Surplus	Common	Attribut	Total of

	Capital	preferre d stock	Sustain able debt	Other	reserves	Shares in stock	Compreh ensive Income	reserves	risk provision	able profit	owners' equity
I.Balance at the end of last year	4,939,928,983.00				15,130,191,736.27	4,422,320.00			169,054,846.15	696,998,223.03	20,931,751,468.45
Add: Change of accounting policy											
Correcting of previous errors											
Other											
II.Balance at the beginning of current year	4,939,928,983.00				15,130,191,736.27	4,422,320.00			169,054,846.15	696,998,223.03	20,931,751,468.45
III.Changed in the current year	790,321,135.00				6,731,015,936.63				36,089,754.38	-20,987,239.44	7,536,439,586.57
(I) Total comprehensive income										360,897,543.75	360,897,543.75
(II) Investment or decreasing of capital by owners	790,321,135.00				6,731,015,936.63						7,521,337,071.63
1. Ordinary Share s invested by share holders	790,321,135.00				6,728,522,710.65						7,518,843,845.65
2. Holders of oth er equity instrume nts invested capital											
3.Amount of shares paid and											

accounted as owners' equity											
4. Other					2,493,225 .98						2,493,225 .98
(III) Profit allotment									36,089,75 4.38	-381,88 4,783.1 9	-345,795, 028.81
1.Providing of surplus reserves									36,089,75 4.38	-36,089, 754.38	
2. Allotment to the owners (or shareholders)										-345,79 5,028.8 1	-345,795, 028.81
3. Other											
(IV)Internal transferring of owners' equity											
1. Capitalizing of capital reserves (or to capital shares)											
2. Capitalizing of surplus reserves (or to capital shares)											
3. Making up losses by surplus reserves.											
4. Other											
(V) Special reserves											
1. Provided this year											

2. Used this term											
(VI) Other											
IV. Balance at the end of this term	5,730,250,118.00				21,861,207,672.90	4,422,320.00			205,144,600.53	676,010,983.59	28,468,191,055.02

Amount in last year

In RMB

Items	Amount in last year										
	Share Capital	Other Equity instrument			Capital reserves	Less: Shares in stock	Other Comprehensive Income	Surplus reserves	Common risk provision	Attributable profit	Total of owners' equity
		preferred stock	Sustainable debt	Other							
I. Balance at the end of last year	3,835,000,526.00				9,321,098,967.43	9,011,520.00			113,734,304.09	467,563,381.30	13,728,385,658.82
Add: Change of accounting policy											
Correcting of previous errors											
Other											
II. Balance at the beginning of current year	3,835,000,526.00				9,321,098,967.43	9,011,520.00			113,734,304.09	467,563,381.30	13,728,385,658.82
III. Changed in the current year	1,104,928,457.00				5,809,092,768.84	-4,589,200.00			55,320,542.06	229,434,841.73	7,203,365,809.63
(I) Total comprehensive income										553,205,420.61	553,205,420.61
(II) Investment or	1,104,928,457.00				5,809,092,768.84	-4,589,200.00					6,918,610,809.63

decreasing of capital by owners	8,457.00				,768.84	0.00					,425.84
1. Ordinary Shares invested by shareholders	1,104,928,457.00				5,805,507,668.84						6,910,436,125.84
2. Holders of other equity instruments invested capital											
3.Amount of shares paid and accounted as owners' equity						-4,589,200.00					4,589,200.00
4. Other					3,585,100.00						3,585,100.00
(III) Profit allotment									55,320,542.06	-323,770,578.88	-268,450,036.82
1.Providing of surplus reserves									55,320,542.06	-55,320,542.06	
2. Allotment to the owners (or shareholders)										-268,450,036.82	-268,450,036.82
3. Other											
(IV)Internal transferring of owners' equity											
1. Capitalizing of capital reserves (or to capital shares)											
2. Capitalizing of surplus reserves											

(or to capital shares)											
3. Making up losses by surplus reserves.											
4. Other											
(V) Special reserves											
1. Provided this year											
2. Used this term											
(VI) Other											
IV. Balance at the end of this term	4,939,928,983.00				15,130,191,736.27	4,422,320.00			169,054,846.15	696,998,223.03	20,931,751,468.45

III. Brief introduction of the Company

Approved by Hebei Economic System Reform Commission with the Approval of Establishment of Tunghsu Optoelectronic Technology Co., Ltd. (Hereinafter referred to as “The Company” or “Tunghsu Optoelectronic”) (Ji Ti Gfai Wei Gu Zi(1992) No.5 Document) in 1992, Shijiazhuang Baoshi Electronic Glass Co., Ltd. is a joint stock limited company jointly established by Shijiazhuang Kinescope General Factory (transformed into Shijiazhuang Baoshi Electronics Group Co., Ltd.later), China Electronic Import and export Corporation and Zonghua Hebei Import and Export Company. At the Time of establishment, the Company had 25.68 million shares (the par value of each share is RMB 10) and total share capital of RMB 256.80 million.

On July 17, 1993, the Company held a provisional shareholders' general meeting and decided to split the stock equity with par value of RMB 10 per share into stock equity with par value of RMB 1 per share. As a result, the total number of the Company's shares became 256.80 million and its total share capital became RMB 256.80 million.

Approved by Securities Commission under State Council with the Approval of Issue of 100 Million Domestically Listed Foreign Investment Shares by Shijiazhuang Baoshi Electronic Glass Co., Ltd. (Zheng Wei Fa (1996) No. 15 Document) on June 11, 1996, the Company issued 100 million domestically listed foreign investment shares (B shares) (the par value of each share is RMB 1). Approved by China Securities

Regulatory Commission with the Approval of the Application of Shijiazhuang Baoshi Electronic Glass Co., Ltd. to Publicly Issue Shares (Zheng Jian Fa Zi (1996) No. 174 Document) on August 30 of the same year, the Company publicly issued 26.20 million shares (the par value of each share is RMB 1). As of September 17, 1996, the total share capital of the Company increased to RMB 383 million.

According to the Approval of Private Issue of Shares by Shijiazhuang Baoshi Electronic Glass Co., Ltd. (Zhen Jian Xu Ke (2012) No. 1661 Document) issued by China Securities Regulatory Commission ("CSRC"), the Company privately issued 520 million RMB ordinary shares (A shares) to specific investors at the price of RMB 9.69 per share on April 3, 2013. All investors subscribed for shares in cash. After this private issue, the registered capital of the Company was changed to RMB 903.00 million. The controlling shareholder of the company by the Shijiazhuang Baoshi Electronic Group Co., Ltd. changed to Tunghsu Group, a direct stake of 14.40%, Shijiazhuang Baoshi Electronic Glass Co., Ltd. held the indirectly 12.27% of the share.

The 6th Provisional shareholder meeting in 2013 approved the name change of Shijiazhuang Baoshi Electronic Glass Co., Ltd. to Tunghsu Optoelectronic Technology Co., Ltd..

According to the resolution of annual shareholder meeting in 2013 and the provisions of amendments to articles of association approved on April 27, 2014, the company has transferred 20 shares for each 10 shares to all shareholders, and with total shares of 1806 million transferred on the basis of the general capital of 903 million on December 31, 2013. Thus, the registered capital of RMB1806 million applied to add by the company should be transferred into the share capital by the capital reserve with the reference date on May 27, 2014, and the registered capital is RMB2709 million after changed.

As per the provisions of "Restricted Stock Incentive Plan of Tunghsu Optoelectronic Technology Co., Ltd. (Draft)" and its summary proposal approved after the second temporary shareholders' resolution in 2014, the company has implemented the stock option incentive to grant 41 people the restricted stocks of RMB3,080,000.00 with the price of RMB3.88 per share, which are all in cash subscription. Thus, the company shall increase the share capital of RMB3.08 million and the capital reserve of RMB 8,870,400.00, and the share capital is RMB2,712,080,000.00 after changed.

Under the provisions of "Proposal on Repurchase of Part of Domestic Listed Foreign Shares (Share B)" approved after the second temporary shareholders' resolution in 2014, the company has repurchased 49,999,999.00 B shares released outside, and the repurchased shares shall be written off and the registered capital is reduced correspondingly. Thus, the company shall decrease the share capital of RMB49,999,999.00 and the capital reserve of RMB218,024,376.60, and the share capital is RMB2,662,080,001.00 after changed.

Referring to the resolutions determined on the 27th Meeting of the 7th Board of Directors of the company, the 31st Meeting of the 7th Board of Directors, the 1st General Meeting of Extraordinary Shareholders in

2015, the 38th Meeting of the 7th Board of Directors and the Regulatory Approval No. [2015] 2270 by China Securities Regulatory Commission: Replies on Approval of Private Issuing of Stocks by Tunghsu Photoelectric Technology Co., Ltd., it is approved that the company issues new shares less than 1,186,943,620 privately. The planned number of privately issued stocks is less than (including) 1,186,943,620. The actual issuance number of the stock is 1,173,020,525, and the modified equity capital is 3,835,100,526.00 yuan.

According to Proposals on the Repurchase and Cancellation of Partial Restricted Shares deliberated and approved on the 43rd Meeting of the 7th Board of Directors of the company convened on October 29, 2015, the company plans to repurchase and cancel restricted shares. The granted but unlocked restricted shares held by left equity incentive objects sum to 100,000 at the repurchase price of 3.78 yuan/share. Other forms of lease besides financial leasing are considered as operating leasing

According to ZJXX [2016] No. 1322 document On the Approval of Non-public Stock to Tunghsu Optoelectronic Technology Co. Ltd permitted by China Securities Regulatory Commission and also was resolved in the 7th board of the forty-eight meeting and the first extraordinary shareholders' general meeting, it is approved that the company issues new shares less than 1,104,928,457.00 privately. The planned number of privately issued stocks is less than (including) 1,104,928,457.00. The actual issuance number of the stock is 1,104,928,457.00, and the modified equity capital is 4,939,928,983.00 yuan.

According to the company's eleventh meeting of the eighth Board of Directors held on March 20, 2017, the eighteenth meeting of the eighth Board of Directors held on June 9, 2017, the fourth temporary shareholders' general meeting of 2017 held on June 26, 2017 and the Approval on Tunghsu Optoelectronic Technology Co., Ltd's Share Issuance to Objects Including Shanghai Huimao Enterprise Management Co., Ltd for Asset Purchase and Raising Matching Funds by CSRC (Zhen Jian Xu Ke [2017] No. 1841 Doc), approved that the company shall issue 262,626,262 shares to Shanghai Huimao Enterprise Management Co., Ltd (hereinafter referred to as "Shanghai Huimao"), 106,326,446 shares to Tunghsu Group Co., Ltd (hereinafter referred to as "Tunghsu Group"), 11,380,165 shares to Mianyang Science and Technology City Development Investment (Group) Co., Ltd (hereinafter referred to as "Mianyang Science and Technology Group") and 5,020,661 shares to Sichuan Changhong Electric Appliance Co., Ltd (hereinafter referred to as "Sichuan Changhong") for purchasing the underlying assets; and approved that the Company shall raise no more than RMB 3,750,000,000 of matching funds by the company's non-public share issuance. The Company actually issued 385,353,534.00 shares for purchasing the assets, The issue price per share is 9.90 yuan; and issued 404,967,601.00 shares for raising the matching funds, The issue price per share is 9.26 yuan; thus the capital stock after the change became RMB 5,730,250,118.00.

As of December 31, 2017, Registered capital : RMB 5,730,250,118.00, Legal representative: Li Zhaoting,

Enterprise unified social credit code: 911301001043959836, Registered Address: No.9, Huanghe Road, Shijiazhuang High-tech Industrial Development Area, Shijiazhuang, Hebei Province.

Tunghsu Optoelectronic Parent Company is the Tunghsu Group, Ultimate controller is Li Zhaoting.

In the reporting period, 18 subsidiaries and 65 sub-subsidiaries were included in the consolidation scope by the company, see details at Note 7 “Rights and Interests in Other Subjects”. The consolidation scope of the company increased by 45 companies year on year at this reporting period, see details at Note 6 “Change of Consolidation Scope” Financial statements and notes to the financial statements approved at the 35th meeting of the 8th Board of Directors on April 19, 2018.

The company's business scope: investing in the project investments with its own funds; research and development of machinery equipment and electronic products; manufacturing and production-process development of various non-standard equipments and components; processing and sales of electronic products for grinding machine (excluding public safety equipment and devices); self operated and agent import and export business of various commodities and technologies; computer system integration, software development, technical consulting; installation of electrical and mechanical equipment (not including pre-licensing ones), engineering advice. (All of the above scope, excluded those prohibited or restricted by laws, regulations and State Council decisions; matters needing approval by other departments can be operated after the approval).

IV. Basis for the preparation of financial statements

1. Basis for the preparation of financial statements

The financial statements of the company are prepared based on the going-concern assumption and the actual transactions and items,, the Company prepared financial statements in accordance with the ASBE-Basic Standard and revised thereafter, Application Guidance of Accounting Standard for Business Enterprises, Interpretation of Accounting Standards for Business Enterprises and other regulations(hereinafter referred to as “the Accounting Standards for Business Enterprises”, “China Accounting Standards” or “CAS”), Rules for Preparation Convention of Disclosure of Public Offering Companies No.15 – General Regulations for Financial Reporting (revised in 2014) by China Securities Regulatory Commission.

In accordance with Accounting Standards for Business Enterprises, the Company has adopted the accrual basis of accounting. Except for certain financial instruments, the Company adopts the historical cost as the principle of measurement in the financial statements. The valuation will be made according to the lower one between the amount of on-sales non-current assets after fair value deducts the predicted costs and the original book value which conforms to the condition of being on-sales. When assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

2. Ongoing-operation

The company has the capacity to continually operate within 12 months at least since the end of report period, and hasn't the major issues impacting on the sustainable operation ability.

V. The company's major accounting policies, accounting estimates and prior errors

1. Statement on compliance with accounting standards for business Enterprises

The Company state: the financial statements prepared are in line with the requirements in enterprise accounting standards in line with of system, and have truly and completely reflected of the financial status in December 31, 2017, operational results, cash flow, and other relevant information of January–December 2017.

2. Accounting period:

The accounting period of the Company is divided into annual and interim terms; interim refers to a reporting period shorter than a complete accounting year. The accounting year of the Company adopts Gregorian calendar year, i.e. from 1 January to 31 December of each calendar year.

3. The operating cycle

The normal business cycle refers to the period starting from assets purchased for processing to cash or cash equivalents converted. The Company uses a 12-month operating cycle as liquidity classification criteria for its assets and liabilities.

4. Currency for bookkeeping:

The Company takes RMB as the standard currency for bookkeeping.

5. Accounting treatments for a business combinations under common control and under non common control

The term "business combination" refers to a transaction or event combining two or more separate enterprises into one reporting entity. Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

(1) A business combination involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. For the business combination involving enterprises under common control, the party obtaining the control right over other enterprises involved in the combination on the combination date is the combining party, while other enterprises involved in the combination is the combined party. The combination date is the date on which one combining enterprise obtains control of other combining enterprises.

Assets and liabilities obtained are measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination [the aggregate face value of shares issued as consideration] is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess is adjusted against retained earnings.

Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred.

(2) A business combination not involving enterprises under common control

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination. For the business combination not involving enterprises under common control, the party obtaining the control right over other enterprises involved in the combination on the combination date is the combining party, while other enterprises involved in the combination is the combined party. The combination date is the date on which one combining enterprise obtains control of other combining enterprises.

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree, the intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services and other associated administrative expense attributable to the business combination are charged to profit or loss when they are incurred. The costs of issuing equity or debt securities as a part of the consideration for the acquisition are included in the carrying amounts of these equity or debt securities upon initial recognition. The contingent costs as a part of the consideration for the acquisition are included in the cost of combination on fair values at the acquisition date, and will be adjusted if any new situation incurred or further evidence provided in 12 months subsequent to acquisition date, then the goodwill will be adjusted accordingly. The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria are measured at fair value at the acquisition date. Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognised as goodwill. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognizes the remaining difference immediately in profit or loss for the current period.

The deductible temporary difference from the acquiree not recognized as deferred tax assets on the acquisition date, will be recognized as deferred tax assets, if in 12 months subsequent to acquisition date, there is new information indicating that relative situation exists and the economic benefit associated with the deductible temporary difference will flow to the Company, the goodwill will be reduced accordingly. If the goodwill is less than the deductible temporary difference, the difference will be charged into profit or loss in current period.

For a business combination involving enterprise not under common control and achieved in stages, it should make judgement on whether those transactions are regard as “Package deal” based on “No. 5 Notice on Explanation on Accounting Standards for Business Enterprises by the Ministry of Finance” (CAIKUAI [2012] No.19) and Article 51 of “Accounting Standards for Business Enterprises No. 33: Consolidated Financial Statement”. If it is regarded as “package deal”, the accounting treatment refers to above-mentioned principle and “Long-term equity investment” in Note III, 14; If it is not regarded as “package deal”, the accounting treatment should be different for individual and consolidated financial statements.

In individual financial statement, the initial investment cost is the sum of the book value of equity investment held before the acquisition date and the cost of new investment on acquisition date. When the stock equity held before the acquisition date involving other consolidated incomes, at the disposal date, other consolidated incomes related to this investment shall be subjected to accounting treatment (i.e. except the corresponding share accounted by equity method in the change due to remeasurement and setting of net indebtedness or net assets of benefit plan, the remaining shall be transferred to the current investment income) on the same basis as that adopted by the acquiree for the direct disposal of relevant assets or liabilities.

In consolidated financial statement, the share equity held before the acquisition date shall be measured again according to the fair value of this share equity on the acquisition date, the balance of the fair value and its book value shall be counted in the current investment income; when the share equity held before the acquisition date involving other consolidated incomes, other consolidated incomes related shall be subjected to accounting treatment (i.e. except the corresponding share accounted by equity method in the change due to remeasurement and setting of net indebtedness or net assets of benefit plan, the remaining shall be transferred to the current investment income of the acquisition date) on the same basis as that adopted by the acquiree for the direct disposal of relevant assets or liabilities.

6. Preparation on consolidation financial statements

(1) Preparation on consolidation financial statements

The company starts to include the actual control right to the net assets and the production and management decisions of the subsidiaries into the combination scope since the date of the actual right acquired, and will stop covering into the combination scope on the date of the actual right lost. For the disposed subsidiaries, the business performance and the cash flow before the disposal date have been properly covered in the

consolidated profit statement and the consolidated cash flow statement. For the subsidiaries disposed in the current period, the opening balance of the consolidated balance sheet shall not be adjusted. Meanwhile, for the subsidiaries increased through the business combination under non-common control, the business performance and the cash flow after the acquisition date have been properly included in the consolidated profit statement and the consolidated cash flow statement, and the opening balance and the comparison balance of the consolidated financial statement shall not be adjusted. For the subsidiaries increased through the business combination under common control, the business performance and the cash flow from the beginning of current combination period to the combination date have been properly included in the consolidated profit statement and the consolidated cash flow statement, and the comparison balance of the consolidated financial statement shall be adjusted simultaneously.

When preparing the consolidated financial statement, the necessary adjustment shall be made according to the accounting policy of the company and the financial statement of the subsidiaries during the fiscal period if the accounting policy or the fiscal period adopted by the subsidiaries and the company is discrepant. For the subsidiaries acquired through the business combination under non-common control, the financial statement shall be adjusted on the basis of the fair value of the identifiable net assets on the acquisition date.

All the major balances, transactions and the unrealized profits of the company shall be offset in the preparation of the consolidated financial statement.

Those not belong to the company in the shareholders' equity and the current net profit or loss of the subsidiaries shall be respectively as the minority equity and the minority interest income and individually listed under the shareholders' equity and the net profit of the consolidated financial statement. The minority equity portion from the net profit or loss in current period shall be as "minority interest income" and listed under the net profit in the consolidated financial statement. Moreover, the minority equity is still offset even if the losses of the subsidiaries undertaken by the minority shareholders are beyond the portion of the shareholders' equity shared by the minority shareholders of the company at the beginning of period.

When the control on the original subsidiaries lost due to the disposal of partial equity investment or other reasons, the remaining equity should be measured again according to the fair value on the control lost date. The difference of the consideration acquired by the disposal of equity and the fair value of the surplus equity minus the net assets portion of the original subsidiaries calculated from the purchase date as per the original stock proportion shall be recorded into the current investment income after the control lost. Other comprehensive returns relevant to the original subsidiary shares investment shall be disposed through the accounting treatment on the same basis of the direct disposal of the relevant assets or liabilities by the acquiree when the control lost (Namely, all the rest are transferred into the current investment incomes, with the exception of the changes caused by the net liabilities or the net assets of the defined benefit plans re-measured by the original subsidiaries). Thereafter, the subsequent measurement shall be made for the rest equity according to the relevant provisions of "Accounting Standards for Business Enterprises No. 2 – Long-term Equity Investment" or "Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments". For the details, please see Notes III, 14 "Long-term Equity Investment" or Notes III, 10 "Financial Instruments".

For the equity investment in the subsidiary through the step-by-step disposal of multiple transactions till the control right lost, the company should respectively dispose all the transactions if belong to the package deal. As long as the terms, conditions and economic influence on all the transactions of the disposal of the equity investment in the subsidiary meet one status below, it usually shows that the multiple transactions matters should be conducted the accounting treatment as the package deal: ① these transactions are made simultaneously or under the consideration of the influence each other. ② these transactions shall be as the whole to achieve one complete business results. ③ one transaction occurs depending on the appearance of other one transaction at least. ④ one transaction is economic under the consideration with other transactions even if it is not economic when individually considerate. For the non-package deal, each transaction shall be respectively conducted the accounting treatment according to the applicable principles of “Partial Disposal of Long-term Equity Investment in Subsidiary without Control Lost” (please refer to 14, (2) ④ in Notes III,) and “The Control on Original Subsidiary Lost due to Disposal of Part of Equity Investment or Other Reasons” (details please see forepart). For the package deal from the transactions after the disposal of equity investment in the subsidiary till the control right lost, the transactions shall be as one transaction of the disposal of subsidiary and the control lost for the accounting treatment. Therefore, every balance between the net assets proportion of the subsidiary shared relative to the disposal price and the disposal investment before the control right lost, shall be recognized as other comprehensive incomes in the consolidated financial treatment and transferred into the current profits and losses when the control lost.

7. Accounting treatment for classification and co-operation of joint arrangement

Joint arrangement is an arrangement whereby two or more parties have joint control. The Company classified the joint arrangement into co-operation arrangement and joint venture according to the right and obligation involving in the joint arrangement. Under co-operation, the Company has joint control and rights to the relevant assets and liability of the arrangement. Under joint venture, the Company only has joint control and rights to the net assets of the arrangement.

The company adopts equity method to calculate investment to joint enterprises by referring to accounting policies stated in "Long-term Stock Ownership for Equity Method Calculation" in Note III 14 (2).

Under co-operation, the Company recognizes 1) its solely held of assets and liability, 2) assets and liabilities jointly owned based on share proportions, 3) revenue from sales of assets jointly owned by the Company, 4) revenue from sales of assets based on share proportions, 5) expense incurred by the Company, 6) expense incurred based on share proportions.

When the Company invests, sells or purchase assets (the asset does not constitute a business, the same below), to or from the co-operation, the Company only recognizes the profit or loss belong to other joint parties before selling those assets to third party. If those assets are impaired in compliance with Accounting Standards for Business Enterprises No.8-Assets impairment, the Company should recognize loss for all the invested or sold assets to co-operation. For the assets purchased from co-operation, the Company should recognize loss based on share proportion.

8. Cash and cash equivalent

Cash and cash equivalents comprise cash on hand, deposits that can be readily withdraw on demand, and short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

9. Conversion method of foreign currency transactions

(1) Conversion method of foreign currency transactions

The foreign currency transactions are recorded, on initial recognition in the functional currency, by applying the foreign currency amount by the spot exchange rate on the transaction dates, while the foreign currency exchange business or transactions relating to foreign currency exchange are recorded in the functional currency by applying to the foreign currency amount at the actual exchange rate used.

(2) Conversion method of foreign currency monetary items and foreign currency non-monetary items

Foreign currency monetary items are converted using the spot exchange rate on the balance sheet date. The exchange gains or losses arising from occurrence of transactions and exchange of currencies are recognized in profit or loss for the period, except that (1) exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualifies for capitalization are capitalized as part of the cost of the qualified asset during the capitalization period; (2) exchange differences arising from changes in the carrying amounts of available-for-sale monetary items are recognized as other comprehensive income.

Foreign currency non-monetary items measured at historical cost are converted to the amounts in functional currency at the spot exchange rates on the dates of the transactions and the amounts in functional currency remain unchanged. Foreign currency non-monetary items measured at fair value are re-converted at the spot exchange rate on the date the fair value is determined. Difference between the re-converted functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognized in profit and loss or as other comprehensive income.

(3) Conversion of financial statements denominated in foreign currencies

As an accounting treatment in respect to a foreign operation, if there are monetary items relating to the investment to foreign operation, the resulting conversion differences are recognized in other comprehensive income as “conversion reserve”. The conversion differences accumulated in shareholders’ equity with respect to a foreign operation is transferred to profit or loss in the period when the foreign operation is disposed.

Assets and liabilities of foreign operation are converted to Renminbi at the spot exchange rate on the balance sheet date. Equity items, excluding retained earnings, are converted to Renminbi at the spot exchange rates at the transaction dates. Income and expenses of foreign operation are converted to Renminbi at the rates that approximate the spot exchange rates at the transaction dates. The beginning balance of retained earnings is the prior year ending balance of retained earning converted, while the ending balance of retained earnings is sum total of converted items of income statement. The resulting conversion differences are recognized in other comprehensive income. The conversion differences accumulated in shareholders’ equity with respect to a foreign operation is transferred to profit or loss in the period when the foreign operation is disposed

Cash flow denominated in foreign currency and cash flow of foreign operation are converted to Renminbi at the spot exchange rate at the transaction date. The effect of foreign exchange fluctuation is treated as recociling item that is separately disclosed on cash flow statement.

The beginning balance is present as same as converted balance of financial statement in prior year.

The conversion differences accumulated in shareholders' equity with respect to a foreign operation is transferred to profit or loss in the period when the foreign operation is fully or partially disposed or lost control over the foreign operation due to other causes.

Disposing investment in a foreign operation without losing control, the conversion differences accumulated in shareholder's equity associated with the disposing part is transferred to minority stockholder's interest.

Disposing investment in a foreign operation which is joint venture enterprise, the conversion differences accumulated in shareholder's equity associated with the disposing part is transferred to profit or loss in the disposing period with the disposing proportion.

10. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are recognized in profit and loss for the current period. For other financial assets and financial liabilities, transaction costs are included in their initial recognized amounts.

(1) Fair value of financial assets and financial liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If an active market exists for specific financial assets or liabilities, quoted prices in active markets for identical assets or liabilities are used as fair value. Quoted prices in an active market refers to the prices which are readily available regularly in exchange markets, brokers, industry associations and other pricing institutions and represents the prices at which the assets or liabilities are traded in an arm length transaction in the marketplace. If an active market does not exist, the Company uses valuation model to determine the fair value. Valuation model takes into account quoted price for identical or similar assets or liabilities between familiar and willing parties, quoted price for similar assets or liabilities in an active market, discounted cash flow method and options pricing model.

(2) Classification, Recognition and Measurement of Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. On initial recognition, the Company's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

① Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those

designated upon initial recognition as at fair value through profit or loss.

A financial asset held for trading is the financial asset that meets one of the following conditions: A the financial asset is acquired for the purpose of selling it in a short term; B. the financial asset is a part of a group of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this group for the purpose of short-term profits; C. the financial asset is a derivative, except for a derivative that is designated as effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured.

The financial assets or financial liabilities meeting any of the following requirements can be designated, on initial recognition, as financial assets or financial liabilities at fair value through profit or loss and of which the variation is included in the current profits and losses: A. The designation is able to eliminate or obviously reduce the discrepancies in the recognition or measurement of relevant gains or losses arising from the different basis of measurement of the financial assets or financial liabilities; B. The official written documents on risk management or investment strategies of the enterprise concerned have recorded that the combination of said financial assets, the combination of said financial liabilities, or the combination of said financial assets and financial liabilities will be managed and evaluated on the basis of their fair values and be reported to the key management personnel.

Financial assets at fair value through profit or loss are subsequently measured at fair value. The gains or losses related to financial assets at fair value through profit or loss and dividend or interest income related to those financial assets are recognized in profit or loss for the current period.

②Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

Such kind of financial assets are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognition, impairment or amortization are recognized in profit or loss for the current period.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial asset or financial liability (without considering future credit losses), and also considers all fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate, transaction costs, and premiums or discounts, etc.

③ Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and receivables by the Company include notes receivable, accounts receivable, interest receivable, dividends receivable, and other receivables.

Loans and receivables are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortization is recognized in profit or loss for the current period.

④ Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated on initial recognition as available for sale, and financial assets that are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Cost of available-for-sale investments in debt instruments are measured on the basis of the post-amortization cost at period end, which is the initially recognized amount of financial asset or financial liability deducting the already paid principal, plus or minus the accumulated amount of amortization incurred from amortizing the balance between the initially recognized amount and the amount of the maturity date by adopting the actual interest rate method and deducting the impairment loss that have actually incurred. Cost of available-for-sale investments in equity instruments is the initially recognized amount at acquisition.

Available-for-sale financial assets are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognized as other comprehensive income and included in the capital reserve, except that impairment losses and exchange differences related to amortized cost of financial assets are recognized in profit or loss, until the financial assets are derecognized, at which time the gains or losses are released and recognized in profit or loss. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivative financial assets that are linked to and must be settled by delivery of such unquoted equity instruments are subsequently measured at cost.

Interests obtained and the dividends declared by the investee during the period in which the available-for-sale financial assets are held, are recognized in investment income.

Impairment of Available-for-sale financial assets

If all the related information considered indicates that the decline in fair value of available-for-sale financial assets is significant or non-temporary decline, impairment incurred for available-for-sale financial assets. Significant decline refers to accumulated decline in fair value exceed 20%; non-temporary decline refers to continuous decline in fair value more than 12 months.

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value previously recognized directly in capital reserve is reclassified from the capital reserve to profit or loss. The amount of the cumulative loss that is reclassified from capital reserve to profit or loss is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

If, subsequent to the recognition of an impairment loss on available-for-sale financial assets, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognized, the previously recognized impairment loss is reversed. The amount of reversal of impairment loss on available-for-sale equity instruments is recognized as other comprehensive income, while the amount of reversal of impairment loss on available-for-sale debt instruments is recognized in profit or loss.

If an impairment loss has been incurred on an investment in unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, or on a derivative financial asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the impairment loss on such financial asset is not reversed once it is recognized.

(3) Transfer and measurement of financial assets

The Company derecognizes a financial asset only when: ① the contractual rights to the cash flows from the financial asset expire; or ② it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity; or ③ it transfers the financial asset, neither transfers nor retains substantially all the risks and rewards of ownership but has not retained control over the financial assets.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, and retains its control of the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognized an associated liability. The extent of the enterprise's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred; and (2) the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognized in other comprehensive income, is recognized in profit or loss.

If the transfer of partial financial asset satisfies the derecognition criteria, the entire book value of the transferred financial asset shall, between the portion whose recognition has been stopped and the portion whose recognition has not been stopped, be apportioned according to their respective relative fair value and the difference between the amounts of the following 2 items shall be included into the profit or loss of the current period: (1)The book value of the portion whose recognition has been stopped; (2)The sum of consideration of the portion whose recognition has been stopped, and the portion of the accumulative amount of the changes in the fair value originally recorded in the owner's equities which is corresponding to the portion whose recognition has been stopped.

In terms of financial assets sold with recourse or financial assets transferred by endorsement, the Company shall determine whether substantially all the risks and rewards of ownership of the financial asset are transferred. Where an enterprise has transferred substantially all of the risks and rewards related to the ownership of the financial asset to the transferee, it shall stop recognizing the financial asset. If it retained substantially all of the risks and rewards related to the ownership of the financial asset, it shall not stop recognizing the financial asset. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the Company shall determine whether it retains the control of the financial assets and account the financial assets in accordance with the Standards mentioned above.

(3) Classification and Measurement of Financial Liability

On initial recognition, financial liabilities are classified as either financial liabilities at 'fair value through profit or loss' (FVTPL) or 'other financial liabilities'. The financial liabilities initially recognized shall be measured at their fair values. For the financial liabilities at fair value through profit or loss, the transaction expenses thereof shall be directly recorded into the profit or loss of the current period; for other financial liabilities, the transaction expenses thereof shall be included into the initially recognized amount.

① Financial liabilities at fair value through profit or loss

The transactional financial liabilities and designated financial liabilities at fair value through profit or loss are classified under the same criteria as the transactional financial assets and designated financial assets at fair value through profit or loss.

On subsequent measurement of financial liabilities at fair value through profit or loss, gain or loss arising from changes in fair value and dividends and interests related to the financial liabilities are recognized in the profit or loss of the current period.

② Other Financial Liability

For a derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, it is subsequently measured at cost. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with gain or loss arising from derecognition or amortization recognized in profit or loss.

(5) Derecognition of financial liabilities

The Company derecognizes a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Company (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Company derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

(6) Offsetting financial assets and financial liabilities

When the Company has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, financial assets and financial liabilities are offset with the net amounts presented on the balance sheet. Otherwise, financial assets and financial liabilities are separately presented on the balance sheet without offsetting.

(7) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued (including refinanced), repurchased, sold or cancelled by the Company are treated as changes in equity. Changes in the fair value of equity instruments are not recognized. Transaction costs related to equity transactions are deducted from equity.

Distributions to holders of equity instruments by the Company (excluding dividends) reduce shareholders' equity. The Company does not recognize changes in fair value of equity instruments.

11. Account receivable

The receivables include accounts receivable and others, etc.

(1) Provision for bad debts of account receivable that are individually significant

The judgment basis for significant single-item amount or standard for significant amount	The accounts receivable with single-item amount of RMB 5 million and above
The method of separate provision for bad debts of the accounts receivable with significant single-item amount	Impairment test shall be separately conducted. If the test proves the occurrence of impairment, impairment loss shall be determined and provision for bad debts shall be made according to the difference between the present value of its future cash flow and its book value. For the accounts receivable whose impairment is not proved by separate test, such accounts receivable, together with those with insignificant single-item amount, are divided into some groups based on similar characteristics of credit risks. For these groups of accounts receivable, provision for bad debts shall be made according to the regulation mentioned in "(2) provision for bad debts shall be

	made for accounts receivable on group basis".
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(2)The accounts receivable of provision for bad debts made in Group

Basis for determination in group	
Aging group	Group subject to the credit risk character of the receivable age
Other group	Group subject to the credit risk characters including the transaction object and amount quality of the receivable and the receivable comprises the receivable export tax rebate, employee's loan for official purpose, provisional sum, deposit , amounts related to connected transaction and the government subsidizes the price of the products sold , etc.
Provision method of the bad-debt reserve in group	
Aging group	Provision of the bad-debt reserve through the aging analysis method
Other group	Conduct the provision for the bad-debt reserve if the impairment is discovered based on the objective evidence through the impairment test conducted independently and the future cash flow present value is lower than the balance of the book value thereof through prediction with determination of the impairment loss; otherwise, no provision for the bad-debt reserve.

In Group ,Accounts on age basis in the portfolio:

Aging	Rate for receivables(%)
During the credit period	0
The credit period within 1 year	5
1—2 years	10
2—3 years	30
3—4 years	50
4—5 years	70
Over 5 years	100

The company credit period means regularly the period for collection specified by the contract. If the contract fails to specify clearly the credit period for collection subject to the company credit evaluation policies and both the contract and policies exclude provisions for collection period, then the collection credit period confirmed by both parties will be used upon the independent calculation of the bad-debt reserve during the period after expiration (beyond the credit period).

(3) Accounts receivable that are individually insignificant but with provision for bad debts provided on an individual basis

Reason for separate provision for bad debts	The accounts receivable with single-item amount of less than
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	RMB 5 million whose risk characteristics can't be reflected by provision for bad debts on basis of group.
Method of provision for bad debts	Provision for bad debts is made according to the difference between the present value of its future cash flow and its book value.

(5)Return of Bed-debt Provision

If there are any objective evidences that suffice to indicate the receivable has restored its value and it is objectively related to issues incurred after this loss is confirmed, the impairment loss with original confirmation will be returned and it will be counted into the profit and loss of the current period. However, the book value after such return should be less than the amortized cost under the condition where it is assumed to be without impairment withdrawal on the returning day.

(6)For bill receivable, prepayment, interest receivable and long-term bill receivable within one-year expiration, if any impairment signs exist among them, the bad-debt provision will be withdrawn, and it will be withdrawn according to the balance that its present value of the future cash flows is below its book value.

12. Inventories

(1)Category of Inventories

Inventories include raw materials, work in process, finished goods, circulating materials, goods in transit, consigned processing material etc.

(2) The measurement of inventories received and issued

The perpetual inventory systems are adopted for this enterprise's inventories. For companies which are engaged in production and sales business of passenger car, when obtaining inventory, the valuation will be counted according to the actual cost. When the materials are delivered, the valuation will be made according to Moving Weighted Average Method. The valuation of finished products (merchandise inventory) will be made according to Individual Pricing. For low-valued consumables, it will be amortized according to One-off Amortization Method when they are received. Those which are engaged in photoelectric display materials, graphene or other products' production and sales business. The inventories shall be measured by their actual cost when they are obtained. Raw materials, works in process, finished products, etc. shall be measured with the weighted average method when they are delivered. Low-value consumption goods shall be written off by one-off write-off method when they are withdrawn for use. Circulation packaging materials shall be recorded into cost according to the predicted usage times.

(3) Methods to make provision for loss on decline in value of inventories

If the cost of inventories is higher than the net realizable value at the end of each period, this enterprise shall make the provision for the loss on decline in value of inventories. This enterprise makes provision for the loss on decline in value of inventories on the ground of each item of inventories. If the factors causing any write-down of the inventories have disappeared, the amount of write-down shall be resumed and be reversed from the provision for the loss on decline in value of inventories that has been made.

(4) Method for confirming the net realizable value of inventories

The net realizable value of inventories refers to the amount of the estimated selling price, less the estimated costs of completion, the estimated selling costs and related tax payments.

13.Asset-held for sale

The Company will retrieve its book value by means of selling assets (including the exchange of commercial non-monetary assets) instead of sequentially using a non-monetary asset or a disposal group, and when meeting two of the following conditions, the book value will be divided into on-sales category:

(1) When a certain non-monetary assets or a certain disposal group sells such kind of assets in similar transactions in accordance with the convention , assets can be sold immediately under the current situation.

(2)The Company has made decision for the selling plans and has acquired assured purchase commitment, predicting that selling will be completed within one year.(The selling, which can only be sold after acquiring approval from relevant authorities or supervision departments according to relevant provision requirement , has acquired its approval).

The Company will be specifically for dividing the non-current assets or disposal group which are acquired from reselling into on-sales category on acquisition date if on acquisition date they can meet the stipulated condition that the predicted selling will be completed within one year , and in a short term (usually 3 months) they are likely to meet other conditions of dividing into on-sales category.

When the non-monetary assets and disposal group were measured by the Company at the beginning or remeasured and divided into on-sales category on balance sheet date, if its book value is higher than the net amount after fair value deducts selling expense, the book value will be written down to the net amount after fair value deducts selling expense, and the written-down amount will be confirmed as assets impairment losses and counted into the current profits and losses, and the impairment provision with on-sales assets will be withdrawn in the meanwhile. For the on-sales disposal group's confirmed amount of loss of asset impairment, the book value of goodwill will be deducted first, and its book value will then be deducted proportionally according to the book value's percentages of all non-current assets in the disposal group which can be adopted by the measurement stipulations of *Accounting Standards for Business Enterprises* NO.42- On-sales Non-current Assets, Disposal Groups and Operation Termination

If any increment occurs in the net amount after the on-sales non-current assets on the subsequent balance sheet date deducts selling expense, the amount deducted previously will be recovered and will be transferred back within the amount of asset impairment losses confirmed after being divided into on-sales

category, and the amount transferred back will be counted into the current profits and losses. There will be no restitution for asset impairment losses confirmed before being divided into on-sales category. The amount deducted previously of on-sales disposal group shall be recovered, and when after being divided into on-sales category, it will be transferred back within the amount of impairment confirmed by non-current assets by the means of the measure stipulations of Accounting Standards for Business Enterprises NO.42- On-sales Non-current Assets, Disposal Groups and Operation Termination, and the amount transferred back will be counted into the current profits and losses. There will be no restitution for the book value of goodwill which has been deducted and for asset impairment losses confirmed before being divided into on-sales category which can be adopted by the measure stipulation of this principle.

No depreciation and amortization will be made in the non-current assets which are on sales or in the disposal group. Confirmation will continue to be made in the debt interest in on-sales disposal group as well as other expenses.

When the non-current assets or the disposal group can not meet the conditions of dividing into on-sales category, the Company will not continue to divide it into on-sales category or remove the non-current assets from the on-sales disposal group, and the valuation will be made according to the lower one between two of followings: (1) Book value before being divided into on-sales category, and the amount of money after being under the situation where book value is supposed not to be divided into on-sales category and adjustment is made in depreciation, amortization or impairment which should have been confirmed. (2) Recoverable amount.

When derecognizing the on-sales non-current assets or disposal group, the Company will count the gains and losses which are yet to be confirmed into the current profits and losses.

14. Long-term Equity Investment

Long-term equity investments refer to all investments that are the Company with control of, joint control of, or significant influence over, an investee. The Company accounted investments that are the Company without control of, joint control of, or significant influence over, an investee as financial assets available-for-sale or financial assets at fair value through profit or loss. Please refer to Note III 10 “Financial instruments” for detail.

Joint control refers to the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence refers to the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

15. Long-term Equity Investment

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Joint control refers to the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence refers to the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

(1) Initial measurement

For business combination under common control, if the consideration of the merging enterprise is that it makes payment in cash, transfers non-cash assets or bear its debts, it shall, on the date of combination, regard the share of the book value of the stockholder's equity of the merged enterprise as the initial cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital reserve. If the capital reserve is in sufficient to dilute, the retained earnings shall be adjusted. If the consideration of the merging enterprise is that it issues equity securities, it shall, on the date of combination, regard the share of the book value of the stockholder's equity of the merged enterprise as the initial cost of the long-term equity investment. The total face value of the stocks issued shall be regarded as the capital stock, while the difference between the initial cost of the long-term equity investment and total face value of the shares issued shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted. Business combination under common control achieved in stages by several transactions shall determine whether the transactions belong to one package. If the transactions belong to one package, the Company accounted these transactions as one transaction with control of the investee. If the transactions do not belong to one package, on the date of combination, the Company shall regard the share of the book value of the owner's equity of the merged enterprise as the initial cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the sum of book value of long-term equity investments prior to the combination and the book value of consideration paid at the date of combination in order to achieve control of the investees shall offset against the capital reserve. If the capital reserve is in sufficient to dilute, the retained earnings shall be adjusted. No accounting treatment will be made for the other comprehensive income arising from equity investment under equity method before the combination date or recognized with available-for-sale financial assets.

For business combination under different control, the Company accounts initial cost of long-term equity investment as combination costs on the acquisition date. Combination costs refer to the fair values, on the acquisition date, of the assets paid, the liabilities incurred or assumed and the equity securities issued by the acquirer. Business combination under different control achieved in stages by several transactions, shall determine whether the transactions belong to one package. If the transactions belong to one package, the Company accounts these transactions as one transaction with control of, joint control of, significant influence over, the investee. If the transactions do not belong to one package, the initial cost of long-term equity shall be accounted under cost method and recognized amount shall be the sum of book value of long-term equity investment before acquisition and cost of additional investment. For equity investments previously accounted under equity method, other comprehensive income related to these investments does not change. For equity investments previously accounted as financial assets available for sale, difference between fair value and book value and accumulated changes in fair value originally recorded in other comprehensive income shall be transferred to profit or loss of current period.

The direct cost for the business combination of the combining party shall, including the expenses for audit, assessment and legal services, be recorded into the profits and losses at the current period.

Besides the long-term equity investments formed by business combination, the initial cost of a long-term equity investment obtained by other means shall be initially recognized at cost. The cost shall be ascertained in accordance with the provisions as follows: (a) The initial cost of a long-term equity investment obtained by making payment in cash shall be the purchase cost which is actually paid; (b) The initial cost of a long-term equity investment obtained on the basis of issuing equity securities shall be the fair value of the equity securities issued; (c) The initial cost of a long-term equity investment of an investor shall be the value stipulated in the investment contract or agreement; (d) The initial cost of a long-term investment obtained by the exchange of non-monetary assets shall be the fair value or book value of transferred assets. (e) The initial cost of a long-term investment shall be the fair value of the long-term investment; etc. The initial cost also consists of the expenses directly relevant to the obtainment of the long term equity investment, taxes and other necessary expenses. Long-term equity investment which, due to additional investment, can exercise significant influence over, joint control of, but not control of, the investees, shall recognize its cost as the sum of fair value of long-term equity investment before additional investment and cost of additional investment according to Accounting Standard for Business Enterprises No.22-Recognition and Measurement of Financial Instruments.

(2) Subsequent Measurement and Recognition Method

Long-term equity investments which are the Company with joint control of (excluding joint operation), significant influence over the investees shall be accounted under equity method. Besides, long-term equity investments which are the Company with control of the investees shall be accounted under cost method.

(1) A long-term equity investment accounted under cost method

Under the cost method, long-term equity investment is measured at initial cost, additional investments or disinvestments shall make an adjustment to the cost of long-term equity investment. The investment income recognized by the Company shall be limited to the dividends or profits declared to distribute by the invested entity, except dividends or profits declared in the consideration paid to acquire the investees.

(2) A long-term equity investment accounted under the equity method.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Company's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Company's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognized in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Company recognizes its share of the net profit or loss and other comprehensive income made by the investee as investment income and other comprehensive income respectively, and adjust the carrying amount of the long-term equity investment accordingly; The carrying amount of the investment is reduced by the portion of any profit distributions or cash dividends declared by the investee that is distributed to the Company; the share of changes in owners' equity of the investee other than those arising from net profit or loss, other comprehensive income and profit distribution are recognized in the capital reserve, the carrying amount of the long-term equity investment is adjusted accordingly. The Company recognizes its share of the investee's net profit or loss after making appropriate adjustments based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date. Where the accounting policies and accounting period adopted by the investee are not consistent with those of the Company, the Company shall adjust the financial statements of the investee to conform to its own accounting policies and accounting period, and recognize investment income and other comprehensive income based on the adjusted financial statements. For the Company's transactions with its associates and joint ventures where assets contributed or sold does not constitute a business, unrealized intra-group profits or losses are recognized as investment income or loss to the extent that those attributable to the Company's proportionate share of interest are eliminated. However, unrealized losses resulting from the Company's transactions with its associates and joint ventures which represent impairment losses on the

transferred assets are not eliminated. When the assets invested by the Company to associates or joint ventures constitute an operation, and the investors thereafter own long-term equity investment without control of the Company, fair value of the operation invested shall be accounted as cost of additional long-term equity investments, and difference between initial recognized cost of additional long-term equity investments and its book value shall be accounted in the profit or loss of current period. When the assets sold by the Company to associates or joint ventures constitute an operation, the difference between consideration paid and book value of the operation shall be recorded in profit or loss of current period. When the assets bought by the Company from associates or joint ventures constitute an operation, gain or loss related shall be recognized according to Accounting Standard for Business Enterprises No.20-Business Combination.

The Company discontinues recognizing its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Company has incurred obligations to assume additional losses of the investee, a provision is recognized according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Company resumes recognizing its share of those profits only after its share of the profits exceeds the share of losses previously not recognized.

(3) Acquisition of non-controlling shares

When preparing consolidated financial statements, differences between additional long-term equity investments due to acquisition of non-controlling shares and attributable share of invested entity's identifiable net assets accumulated since acquisition date (or consolidation date) at shareholding ratio after acquisition, shall adjust capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted.

(4) Disposal of long-term equity investments

In consolidated financial statements, when parent company partially disposes long-term equity investments in subsidiaries without losing control, the difference between proceeds received and attributable share of invested entity's identifiable net assets related to such investments sold, shall be recorded in shareholder's equity; when parent company partially disposes long-term equity investments in subsidiaries with control lost, adjustments shall be made in accordance to Note III 6 (2).

Under other circumstances, for disposal of long-term equity investment, the Company shall derecognize such investment and recognize in profit or loss the difference between the proceeds received, and the carrying amount of the investment in the associates and joint ventures.

In terms of long-term equity investments accounted under equity method, the accounting method after disposal shall not change. The Company shall account for proportionate amount previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities. The Company shall also reclassify to current period profit or loss the proportion of changes in shareholders' equity that had previously been recognized excluding changes arising from net gain or loss, other comprehensive income, profit or loss.

In terms of long-term equity investments accounted under cost method, the accounting method after disposal shall not change. The Company shall account for proportionate amount previously recognized in other comprehensive income, arising from according equity method or recognition and measurement standard of financial instruments before control of investees, in relation to that investment on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities. The amount in other comprehensive income shall be transferred to current period profit or loss proportionately.

When the Company loses control over an investee due to partial disposal of its shares, during preparation of individual financial statements, if the Company with retained shares after disposal can still joint control, or influence over, the investee, the Company shall account for the investment under equity method and retained shares shall be adjusted as would have been required if the retained shares had been recorded on initial recognition under equity method; if the Company with retained shares after disposal cannot joint control, or influence over, the investee, the Company shall account for the investment under the recognition and measurement standard of financial instruments and recognize in profit or loss difference between the fair value of any retained shares and carrying amount of the investment at the date of control lost. The Company shall account for amount previously recognized in other comprehensive income, arising from according equity method or recognition and measurement standard of financial instruments before control of investee in relation to that investment on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities. If equity method is used before control, the Company shall also reclassify to current period profit or loss changes in shareholders' equity that had previously been recognized excluding changes arising from net gain or loss, other comprehensive income, profit or loss. If retained shares are accounted under equity method, other comprehensive income and changes in shareholders' equity shall be transferred to current period profit or loss proportionally; if retained shares are accounted under cost method, other comprehensive income and changes in shareholders' equity shall be transferred to current period profit or loss at once.

When the Company ceases to joint control or influence over investee due to partial disposal of its shares, retained shares shall be accounted for under recognition and measurement standard of financial instruments and difference between fair value and carrying amount shall be recorded in current period profit or loss. The Company shall account for amount previously recognized in other comprehensive income arising from equity method in relation to that investment on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities. The Company shall also reclassify to current period profit or loss the proportion of changes in shareholders' equity that had previously been recognized excluding changes arising from net gain or loss, other comprehensive income, profit or loss.

When the Company ceases to control an investee due to partially dispose its shares by stages, if transactions belong to one package, each transaction shall be accounted for as one event which lead to control cease. Prior to control lost, the difference between proceeds received and carrying amount of investment sold shall be recorded in other comprehensive income first and transferred to current period profit or loss when control lost.

16. Investment property

Investment property refers to the properties held for the purpose of generating rent and/or capital appreciation. The company's investment property includes the land use right rented and the constructions leased.

The Company makes initial measurement at the costs that the properties is acquired and records as part of the property costs the subsequent expenses that could bring economic benefit inflows and be measured reliably while other subsequent expenses as part of current profit and loss. Such properties are depreciated or amortized in accordance with the relevant regulations for fixed assets or intangible assets.

16. Fixed assets and accumulated depreciation

(1) Recognition criteria for fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

(2) Depreciation methods

Fixed assets are depreciated on straight-line basis over their estimated useful lives from the month after they are brought to working condition for the intended use. The useful lives, estimated net residual values rates and annual depreciation rates of each class of fixed assets are as follows:

Type	Detail	Estimated useful Life	Estimated residual value rate	Depreciation rate(%)
House and Building	House and Building	Over the period of title (the period specified on the property title certificate or land use right certificate) or 30 years in case of no period of title	5	3.17
Machinery equipment	Kiln	5	5	19
	Platinum passage	3	95.50	1.5
	Glass flat-panel and other equipment	15	5	6.33
	Other Production equipment	10	5	9.5
Transportation equipment	Transportation equipment	5	5	19

Other	Temporary structure	According to the length of the project	0	
	Laboratory, quality inspection, office equipment, tools, appliances and others	5	5	19

The platinum channel is mainly made up of precious metals such as platinum and rhodium, which almost has no losses. Hence, the channel has a higher rate of net residual value.

Thereinto, the fixed asset whose asset impairment provision has been withdrawn should also have its accumulated amount deducted to count and confirm the depreciation rate.

Fixed assets from financial leasing are depreciated during the useful life if it is reasonable to determine that the ownership could be obtained upon lease expiration; otherwise, the Company should choose the shorter of the lease period and the remaining useful life to depreciate the assets.

When the year of the fixed asset comes to an end, the Company will review its service life, net residual value and depreciation method. Should there be any differences between the estimated amount of service life and the initially estimated one, adjustment will be made for the service life; Should there be any differences between the estimated amount of net residual value and the initially estimated one, adjustment will be made for the estimated one.

(3) Charge for Major Overhaul

The Company conducts regular checking on major overhaul fee incurred in the fixed asset, and any parts of the fee that have unambiguous evidence to indicate they conform with the condition for confirming fixed asset will be counted into the fixed asset costs, otherwise into the profit and loss of the current period. During the interval period of regular major overhaul, the fixed asset will be depreciated as before.

17. Construction in progress

The costs of construction in progress include all necessary project expenditures, the borrowing expenses that should be capitalized before the works reaches the expected usable status and other relevant expenses.

Construction in progress changes to fixed assets when it reaches the expected usable status.

18. Borrowing expenses

Borrowing costs include interest expenses, amortization of discount or premium, auxiliary expenses, exchange differences arising from foreign currency borrowings, etc. Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalized when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Where funds are borrowed under a specific-purpose borrowing, the amount of the capitalized interest is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Company determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

During the capitalization period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalized as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are recognized as a financial expense when incurred.

The qualifying assets to be capitalized are fixed assets, investment properties and inventories which need to be acquired, constructed or produced through a long period of time, in order to become ready for its intended use or sale.

If general borrowings are used to purchase, construct or produce the capitalization eligible assets, the borrowing cost to capitalize is the weighted average of the accumulated assets expenditures in exceed of the special borrowings times the capitalization rate of the used general borrowings, which is determined by the weighted average interest rate of the general borrowings.

19. Intangible assets

Intangible asset is an identifiable non-monetary asset without physical substance owned or controlled by the Company. An intangible asset shall be measured initially at cost. The Company shall also review the useful life for an intangible asset with indefinite useful life. If there is an indication that the period when expected future economic benefits brought by intangible asset will flow to the Company is finite, the Company shall estimate the useful life and amortize the intangible asset over its useful life according to the amortization standard. Cost of an intangible asset with a finite useful life shall be amortized from the date of available for use under straight-line method over its useful life. Intangible asset with indefinite useful life shall not be amortized.

At period-end, the Company shall review the amortization period and amortization method for an intangible asset with a finite useful life. If changes exist, such changes shall be accounted for as changes in accounting estimates.

Expenses related to an intangible asset shall be recognized if it is probably that the expected future economic benefits will flow to the Company and the cost can be measured reliably. Other expenses shall be accounted for profit or loss in current period.

20. Research and Development Expenditure

The expenditures for internal research and development projects of an enterprise shall be classified into research expenditures and development expenditures.

Research expenditure shall be recognized as an expense when it is incurred.

An intangible asset arising from development shall be recognized if, and only if, the Company can demonstrate all of the following. Development expenditure cannot meet the following requirements shall be recognized as an expense when it is incurred. The technical feasibility of completing the intangible asset so that it will be available for use or sale; Its intention to complete the intangible asset and use or sell it; How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; Its ability to measure reliably the expenditure attributable to the intangible asset during its development. If research expenditure and development expenditure cannot be reliably measured separately, all expenditure shall be recognized in current period profit or loss.

If a research project meets the above-mentioned conditions and passes the technical and economic feasibility study, the project will enter the development stage.

21. Amortization method of long term deferred expenses

Long term deferred expenses are valued at the actual costs and amortized at average in an estimated beneficial period of time. If those cannot benefit the Company in future accounting periods, the remaining will be recorded all in current profit and loss.

22. Impairment of the long-term assets

Fixed assets, construction in progress, intangible assets with finite useful lives, investment properties measured using the cost model and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there is any indication that an asset may be impaired at the balance date. If there is an indication that the asset may be impaired, the Company shall estimate the recoverable amount and perform impairment test. Goodwill, intangible assets with indefinite useful life and intangible assets not available for use, shall be tested each year no matter whether there is an indication that the asset may be impaired.

If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Fair value shall be determined as the price as stipulated in the sales agreement in the orderly transaction. Where there is no sales agreement but there is an active market of assets, fair value shall be determined as the quoted price in active market for identical assets or liabilities. Where there is no sales agreement and no active market of assets, fair value shall be estimated according to the best information available. The disposal expenses shall include the relevant legal expenses, relevant taxes, truckage as well as the direct expenses for bringing the assets into a marketable state. The present value of the expected future cash flow of an asset shall be determined by the discounted cash with an appropriate discount rate, on the basis of the expected future cash flow generated during the continuous use or final disposal of an asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related asset groups or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or group of asset groups, including the goodwill allocated, is lower than its carrying amount, the corresponding impairment loss is recognized. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset groups or groups of asset groups in proportion to the carrying amounts of other assets.

Once the above asset impairment loss is recognized, it will not be reversed for the value recovered in the subsequent periods.

23. Estimated Liabilities

The Company recognizes as estimated liabilities the obligations that meet the following conditions:

- A. Current obligations being undertaken by the Company;
- B. Fulfillment of the obligations that lead to cash flow out of the Company;
- C. The amount of the obligations that can be measured reliably.

If it is expected that a third party can compensate for all or partial expenditures to pay off the recognized estimated liabilities, the compensation can be recognized separately as assets only when the Company is sure to receive it. The amount to recognize cannot exceed the book value of the recognized liabilities.

24 Employees' Remuneration

Employee remuneration refers to all kinds of rewards or compensations given in return for employees' services or employment termination. It includes short-term compensation, post-employment benefits, demission benefits and other long-term employee benefits as well as the benefits the Company provides to employees' spouses, children, dependents, deceased employees' family and other beneficiaries.

The Company classifies into short-term compensation the employee remuneration that needs to be paid off entirely in the twelve months following the reporting year the employees have provided their services, which excludes those given for employment termination. Short-term compensation includes payroll, bonus, allowances and subsidies, employee welfare, social security expenses including medical insurance, injury insurance and birth insurance, housing fund, labor union and employee training expenditures, short-term paid leaves, short-term profit share plans, non-monetary benefits and other short-term rewards. It recognizes as liabilities the actual short-term compensation incurred during the accounting period that the employees provide their services and records in current profit and loss or the relevant asset costs. Non-monetary benefits are measured at the fair value.

Demission benefits are the compensations paid to terminate employment before expiration or encourage

employees to accept lay-off.

Post-employment benefits are mainly defined contribution plans, which include basic pension, unemployment insurance etc. The corresponding contributions are recorded in the relevant asset costs or current profit and loss when incurred.

Other long-term employee benefits are all other employee compensations than short-term compensation, post-employment benefits and demission benefits. They are long-term paid leaves, long-term benefits for the disabled, long-term profit sharing plans etc.

25 Share-based Payment

(1) Types of Share-based Payment

It is divided into equity-settled share-based payment and cash-settled share-based payment.

(2) Recognition of Equity Instruments' Fair Value

For the granted equity instruments that there is an active market for, e.g. options, the Company determines the fair value by reference to the quotation prevailing in the active market. For those that there is no active market for, the options pricing model is adopted to determine the fair value.

(3) Recognition Basis for Best Estimates on Exercisable Equity Instruments

On each balance sheet date during the vesting period, the Company makes best estimates based on the latest number changes of its employees and adjusts the quantity of estimated exercisable equity. The final quantity of estimated exercisable equity instruments should be consistent with that of the actual ones on vesting dates.

26. Revenues

Income, is an enterprise formed in daily activities, will lead to an increase in shareholders' equity, the total inflow of capital has nothing to do with the economic interests of the owner of investment. The company involved in income, including revenue from selling goods, income of labor ,transferring assets use right and Construction contract income.

(1) Merchandise sales

The merchandises will be transferred to the purchaser when they meet with both the major risk and reward of the merchandise ownership; The Company will no longer keep the continuous management right which is usually related to the ownership, and no longer carry out valid control on the merchandises sold; The amount of income can be reliably calculated; Relevant economic interest can inflow; Relevant costs incurred or about to incur can be reliably calculated to confirm the realization of the income of merchandise sales.

Specific methods for revenue recognition: Companies which are engaged in photoelectric display materials, graphene and electronic communication products, according to the stipulations in the sales contract, will have their revenue recognized after the goods have been delivered to clients and checked and accepted by clients; Those which are engaged in passenger car business, according to the agreement, Confirm the sales revenue when the goods are delivered to the customer and invoiced according to the contract.; Those which are engaged in export sales business will have their revenue recognized when receiving the export certificate(customs declaration).

(2) Services

Service transaction can be estimated reliably, meaning the following conditions are satisfied: amount of revenue can be measured reliably; the relevant economic benefits are likely to flow into the enterprise; completion of the transaction can be measured reliably; transactions that have occurred and will occur costs can be reliably measured

For the services that start and end during the same accounting year, the revenue shall be recognized upon completion; if the services end in a different accounting year and the service transaction results can be measured reliably, the Company adopts the completion percentage method to recognize the revenue on balance sheet dates; if not measurable reliably, the Company recognizes the revenue at the amount of the service costs that are incurred and can be compensated expectedly; otherwise, the service costs incurred are recognized as current expenses.

The Company adopts the following methods to determine the completion progress of service transactions: ①measurement of the completed jobs; ②the proportion of the completed services to all; ③the proportion of the costs incurred to the total.

The company provides services at the balance sheet date, the transaction can not be reliably estimated, it shall be treated as follows: the costs incurred are expected to be compensated, according to the amount of labor costs that have occurred service revenue is recognized, and the same amount knot turn labor costs; the costs incurred are not expected to be compensated, labor costs should be recognized in profit or loss has occurred, no service revenue is recognized.

Contract or agreement entered into with other companies, including the sale of goods when providing services, the sale of goods and rendering of services can be measured in part to distinguish and separate, should be part of the sale of goods as sale of goods, the provision of services and as part of the provision of services deal with. Sales of goods and rendering of services can not be distinguished, or can be distinguished but cannot be measured separately, should be part of the sale of goods and provision of services as part of the total sales of goods.

If property management has provided service, economic interest related to property management service is able to flow into the enterprise, and costs related to the property management service can be reliably calculated, the realization of property management income will be confirmed.

(3) Use Rights of Assets on Alienation

The right of using transferred asset includes lease earning, intermediate business income, interest income and usage fee income.

When the right of use the transferred asset can, at the same time, conform with the condition that relevant interest income is likely to inflow and the income amount can be reliably calculated, the income of the right of use the transferred asset can be confirmed. The interest income will be counted and confirmed according to the time and actual interest rate of the enterprise's monetary capital used by others; The charge for use will be counted and confirmed according to charging time and method stipulated in the relevant contracts or agreements.

(4) Construction Contracts

Under the situation where the result of contract forming can be reliably estimated, the contract income and contract costs will be confirmed by the contract's completion percentage on the balance sheet date. The contract's completion percentage will be confirmed by the proportion that the accumulated contract costs actually incurred occupies the predicted total contract cost

That the result of construction contract can be reliably estimated refers to that the following can be conformed with at the same time: 1)The total income of contract can be reliably calculated; 2)The economic interest related to the contract has major possibility to flow into the enterprise; 3)The contract costs actually incurred can be clearly distinguished and reliably calculated; 4)The completion progress of contract and the costs which still needs to incurred for completing the contract can be reliably confirmed.

If the result of construction contract can not be reliably estimated while its costs can be recoverable, the contract income will be confirmed according to the actual contract costs which can be recoverable, and the contract costs will be confirmed the contract fee at its current period; The contract costs which can not be recoverable will be confirmed as not the cost income but the cost fee when the recovery incurs.

If the uncertainties that result construction contract to be not reliably estimated no longer exist, the income and fee related to the construction contract will be confirmed according to the completion percentage.

If the predicted total contract cost is more than the total contract income, the predicted loss be will confirmed as the current fee.

The accumulated cost of the construction contract which has incurred, the accumulated gross profit (loss) has been confirmed, and the payment amount which has been settled will be presented as the net amount after offset in the balance sheet. The part that the sum of the accumulated cost incurred and the accumulated gross profit (loss) confirmed more than the payment amount settled will be presented as the one which has been completed but yet to be settled. The part, where the sum that the payment amount

settled of the construction contract is more than the accumulated cost incurred and the accumulated gross profit (loss) confirmed, will be presented as the one which has been settled but yet to be completed.

27. Governmental subsidy

Government subsidy means the Company gratuitously obtains monetary assets or non-monetary assets from the government, not including the capital into which the government invests as a investor who has relevant ownership interest. Government subsidies are divided into the subsidy related to assets and the other related to earnings. Government subsidies related to monetary assets will be measured according to the amount received or the amount receivable. Those which related to non-monetary assets will be measured according to fair value; For any fair value which can not be reliable to be obtained, the assets will be measured according to the nominal amount, and the one measured according to the nominal amount will be directly counted into the current profits and losses.

The government grants pertinent to assets are recognized as deferred income and are credited to profit or loss by stages in accordance with a reasonable and systematic method within the useful life of the pertinent assets. If the pertinent assets are sold, transferred, scrapped or destroyed before the end of their useful life, the non-allocated pertinent deferred income balance shall be transferred to the profit or loss of the period of assets disposal, and the recognized government grant needs to be refunded, then it shall write down the carrying amount of the relevant deferred income and the excess part shall be included in the current profit and loss. The government grants pertinent to income that are used to compensate the relevant costs or losses of the subsequent period of the enterprise are recognized as deferred income and are credited to the current profit or loss for the period when the relevant costs, expenses or losses are recognized; those government grants used for compensating the related expenses or losses incurred to the enterprise shall be directly included in the current profits and losses.

For the government subsidy which includes both the assets related part and the income related part, the different parts are treated separately; if it is difficult to distinguish, the whole is classified as the government subsidy related to the income.

Government subsidies related to the daily activities of the company shall be included in other earnings in accordance with the substance of the economic business. Government subsidies not related to the daily activities of the company shall be included in the non-operating income and expenditure.

28. Deferred income tax assets/Deferred income tax liability

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognized as assets or liabilities and their tax

base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the balance sheet liability method.

The Company shall not recognize the deferred income tax assets arising from the following taxable temporary differences: (1) This transaction is not business combination; and (2) At the time of transaction, the accounting profits will not be affected, nor will the taxable amount (or the deductible loss) be affected. Where the deductible temporary difference related to the investments of the subsidiary companies, associated enterprises and joint enterprises can meet the following requirements simultaneously, the enterprise shall not recognize the corresponding deferred income tax assets: (1) The temporary differences are not likely to be reversed in the expected future; and (2) It is not likely to acquire any amount of taxable income tax that may be used for making up the deductible temporary differences. Except for the above conditions, the Company shall recognize the deferred income tax assets arising from a deductible temporary difference to the extent of the amount of the taxable income which it is most likely to obtain and which can be deducted from the deductible temporary difference.

The Company shall not recognize the deferred income tax assets arising from the following taxable temporary differences: (1) This transaction is not business combination; and (2) At the time of transaction, the accounting profits will not be affected, nor will the taxable amount (or the deductible loss) be affected. Where the deductible temporary difference related to the investments of the subsidiary companies, associated enterprises and joint enterprises can meet the following requirements simultaneously, the enterprise shall not recognize the corresponding deferred income tax assets: (1) The temporary differences are not likely to be reversed in the expected future; and (2) It is not likely to acquire any amount of taxable income tax that may be used for making up the deductible temporary differences. Except for the above conditions, the Company shall recognize the deferred income tax assets arising from a deductible temporary difference to the extent of the amount of the taxable income which it is most likely to obtain and which can be deducted from the deductible temporary difference.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realized or the liability is settled.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilized. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

29. Income tax

Income tax is composed of current income tax and deferred income tax. All taxes and expenses are written in current profit and loss except those for goodwill adjustment in business combination or trades directly counted into shareholder's equity or some deferred income tax which is counted in shareholder's equity.

Current income tax is payable tax amount currently calculated as current taxable income. Payable tax amount is calculated by adjusting pre-tax accounting profit specified in related tax laws.

The company confirms deferred income tax by adopting liability method in Balance Sheet based on the temporary difference between book value of asset and liability in Balance Sheet and tax base.

Temporary difference of items of payable taxes are confirmed to be related deferred income tax liabilities, except the temporary difference of payable taxes are made in the following conditions:

A. Initial confirmation of goodwill or that of assets or liabilities made in trades with these features: the trade is not business combination and it neither influences accounting profit nor amount of payable tax when it happens.

B. As for temporary difference of items of payable taxes related to investment to subsidiaries, joint enterprises and associated enterprises. The temporary difference return time may be controlled and may not return in foreseeable future.

On the balance sheet date, the company will calculate deferred income tax assets and deferred income tax liabilities according to applicable tax between expected recovered assets and paid liabilities, and also the company will reflect the income tax influence in ways of expected recovered assets and paid liabilities on the date of balance sheet.

On the balance sheet date, the company will check the book value of the deferred income tax assets. If it was unlikely to obtain sufficient taxable income taxes to offset benefit of deferred income tax assets, while it was likely to obtain sufficient taxable income, carrying amount of deferred income tax assets shall be written down.

30. Lease

The Company will transfer substantially all the risks and rewards of ownership of an asset lease is recognized as a finance lease. Other forms of lease besides financial leasing are considered as operating leasing.

At the commencement of the lease term, an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments shall be regarded as the recorded value of the leased assets and an amount equal to the minimum lease payments shall be recognized as a long-term recorded

value of the leased assets of payables. The balance between the recorded amount of the leased asset and the recorded amount of the payable shall be accounted for as unrecognized finance charge.

Lease payments under an operating lease shall be accounted into the relevant asset cost or current profit or loss over the lease term on a straight-line basis.

31. Safety production expenses

The company counts and draws safety production expenses specified in Notification on Printing and Distributing and Administrative Measures on Drawing and Using Enterprise's Safety Production Expenses issued by Ministry of Finance and State Administration of Work Safety. Safety production expenses is specialized in improving safe production.

Safety production expense is counted into related product's cost or current profit and loss. At the same time, it is also counted into specialized reserve. In case the safety production expense to be delivered is used in expense, we directly consume specialized reserve. In case safety production expense to be delivered belongs to fixed asset and is spent in construction in-process, confirm it as fixed asset when the project is completed safely and is ready to put into use. Meantime, consume specialized reserve as the cost forming into fixed asset and confirm it as equivalent accumulated depreciation.

32. Other significant accounting policies and estimates

(1) Discontinued Operation

Discontinued operation means enterprises which can meet one of the following conditions and can be distinguished into a constituent part separately, and this part has been disposed or divided into a on-sales category.

②This part is a one of the related parts which proposes to dispose an independent main business or an independent main business area.

③This part is a subsidiary acquired from being specifically for reselling.

For accounting treatment methods for discontinued operation, see the relevant descriptions at Article 13-Possession of On-Sales Asset in Note III

(2) Share Repurchase

Share repurchase refers to the behavior of repurchasing a certain sum of Company's outstanding stocks from the stock market by cash and other methods; and the behavior that the incentive objects of restricted stocks fail to submit a written application to the Board in the prescribed period shall be deemed as voluntarily give up the unlocking, the corresponding restricted stocks shall no longer be unlocked and shall be logged out after the repurchase at the awarded price by the Company. If any period fails to meet the unlocking conditions within the unlocking period, the restricted stock with the unlocking application qualification in the current period cannot be unlocked and shall be logged out after the repurchase by the Company.

Upon the legal procedures and reporting approval and through repurchasing the Company's stocks, the Company's reduction of capital is conducted according to the total nominal value of written-off stocks. The part of price paid to stock repurchase (including transaction expenses) that exceeds the total nominal amount shall offset the capital reserve (share premium), earned surplus and undistributed profits in sequence; The part of price paid to stock repurchase (including transaction expenses) that less than the total nominal amount shall increase the capital reserve (share premium).

33. Judgement and Estimation for Significant Accounting

During the process of applying accounting policies, due to to inherent uncertainties in business activities, the Company requires judgement, estimation and assumption for the book value of the report items which can not be measured accurately. Such judgement, estimation and assumption is made basing on the previous experience of the Company's management as well as the consideration of other relevant factors. And the reported amount of revenue, cost and asset, as well as the disclosure of balance sheet date and the liability will be influenced by such judgement, estimation and assumption; However, there may be differences between the actual result caused by the uncertainties of such estimation and the current estimation of the Company's management, thereby significant adjustment will be made for the assets influenced in the coming future and the indebted book value.

The Company will periodically recheck the above-mentioned judgement, estimation and assumption based on going concern. The changes of accounting estimation only influence those which are influenced at the current period, and of which the influence number will be confirmed at that current period; For those changes which have influence both at the current period and the future period, the influence number of them will be confirmed at that current period and the future period.

On balance sheet date, the significant fields where the Company needs to make judgement, estimation and assumption for the financial statement items will be as follows:

(1)Revenue Recognition-Construction Contract

When the result of construction contract can be estimated reliably, the Company will confirm the contract revenue on balance sheet date by adopting Percentage of Completion Method. The percentage of completion will be confirmed according to Article 26-Revenue Recognition Principle in Note III and it will be totalized in each accounting year of executing this contribution contract.

Significant judgement needs to be made when confirming the percentage of completion, the contract cost occurred, the total predicted revenue of the contract and total cost of the contract, as well as the recoverability of the contract. The project management will make judgement mainly by means of previous experience and work. The total predicted revenue and total cost of the contract, as well as the estimation changes of contract execution result will probably have effect on the operation revenue, the operation cost

at the current changing period or at the subsequent period, as well as the profits and losses during that period, and significant influence is likely to be formed due to the above-mentioned changes.

(2) Provision for bad debts

The Company uses the allowance method to account for bad debt losses in accordance with the accounting policy for accounts receivable. Impairment of accounts receivable is based on the assessment of the recoverability of accounts receivable. The identification of impairment of accounts receivable requires management's judgment and estimation. The difference between the actual result and the original estimate will affect the book value of accounts receivable and the provision or reversal of bad debt provision for accounts receivable during the period in which the estimate is changed.

(3) Inventory falling price preparation

According to the inventory accounting policy, the Company measures the lower of cost and net realizable value, and makes provision for inventory devaluation for inventory whose cost exceeds net realizable value, obsolete and unsalable. The depreciation of inventories to net realizable value is based on the assessment of the saleability of inventories and their net realizable value. Identification of impairment of inventories requires management to make judgments and estimates on the basis of obtaining conclusive evidence and considering the purpose of holding the inventory and the influence of events after the balance sheet date. The difference between the actual result and the original estimate will affect the book value of inventory and provision or reversal of inventory depreciation provision during the period in which the estimate is changed.

(4) Depreciation and amortization

After considering the salvage value of investment real estate, fixed assets and intangible assets, the company shall accrue depreciation and amortization on a straight-line basis over its useful life. The Company regularly reviews the service life to determine the amount of depreciation and amortization expenses to be included in each reporting period. The service life is determined by the Company based on past experience of similar assets and combined with expected technical updates. If there has been a significant change in previous estimates, the depreciation and amortization expense will be adjusted in the future period.

(5) Deferred income tax assets

Insofar as it is highly probable that there will be sufficient taxable profits to offset losses, the company will recognize deferred income tax assets for all unused tax losses. This requires the management of the company to use a large number of judgments to estimate the time and the amount of future taxable profits, and combine the tax planning strategy to determine the amount of deferred income tax assets that should be recognized.

(6) Income tax

In the normal business activities of the company, there are certain uncertainties in the final tax treatment and calculation of some transactions. It requires the approval of the tax authorities on whether some items can be listed as deductible in the profit before tax. If there is a difference between the final recognized result of these taxation matters and the originally estimated amount, the difference will have an impact on the income tax and the deferred income tax of that period with the final recognition being made.

34. Major accounting policies, changes in accounting estimates and their impact

(1) Changes in accounting policies

① Accounting policy changes due to the implementation of the new Accounting Standards for Business Enterprises

a. On April 28, 2017, the Ministry of Finance issued the "No. 42 Accounting Standard for Business Enterprises-Non-current Assets for Sale, Disposal Group, and Termination of Operation" (Cai Hui (2017) No. 13), effective from May 28th 2017, and that the future applicable law is required for the non-current assets held for sale, disposal group and termination of operation existed on the effective date.

b. On May 10, 2017, the Ministry of Finance issued the "Accounting Standards for Business Enterprises No. 16 - Government Subsidies (Revised in 2017)" (Cai Wo (2017) No. 15), which will take effect on June 12, 2017, for 2017. The government grants that existed on January 1 will be handled in the future. The new government grants between January 1, 2017 and the date of the implementation of this Code will be adjusted in accordance with the Guidelines.

c. On December 25, 2017, the Ministry of Finance issued the Notice on the Issuance of the Revised Format of Financial Statements for General Enterprises (Caihui [2017] No. 30), which is applicable to the preparation of financial statements for the 2017 and subsequent periods.

The impact of the Company's implementation of the above three accounting policies on the presentation of the items and amounts in the previous financial statements is as follows:

No	Basis for change in accounting policy	Name of report item affected	Impact of increase +/- decrease- in the amount in 2016
1	CK [2017] No. 30	Non-operating income	-34,237.22
		Non-operating expenses	-1,435.20
		Assets disposal income	+32,802.02

(2) Changes in accounting estimates

There are no changes in accounting estimates during the current period.

VI. Taxation

1. Main categories and rates of taxes

Taxes	Tax references	Applicable tax rates
VAT	Sales revenue	3%、11%、17%
VAT	Technical services revenue	6%
Urban construction tax	Turnover tax to be paid allowances	7%
Educational surtax	Turnover tax to be paid allowances	3%
Local education surcharge	Turnover tax to be paid allowances	2%
Enterprises income tax	Taxable income	9%、10%、15%、16.5%、25%

2. Tax Benefits

① On September 29, 2015, The Company was rated as the national high-tech enterprise with validity of 3 years. As per the provisions of enterprise income tax law, the Company adopts 15% enterprise tax rate applicable for high-tech enterprises for three years since 2015.

② On July 20, 2017, Wuhu Tunghsu Optoelectronic Technology Co., Ltd. was rated as the national high-tech enterprise with validity of 3 years. As per the provisions of enterprise income tax law, the Company adopts 15% enterprise tax rate applicable for high-tech enterprises for three years since 2017.

③ On October 21, 2016, Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd. was rated as the national high-tech enterprise with validity of 3 years. As per the provisions of enterprise income tax law, the Company adopts 15% enterprise tax rate applicable for high-tech enterprises for three years since 2016.

④ On November 21, 2016, Shijiazhuang Tunghsu Optoelectronic Equipment Technology Co., Ltd. was rated as the national high-tech enterprise with validity of 3 years. As per the provisions of enterprise income tax law, the Company adopts 15% enterprise tax rate applicable for high-tech enterprises for three years since 2016.

⑤ On August 3, 2015, Zhengzhou Xufei Optoelectronic Technology Co., Ltd. was rated as the national high-tech enterprise with validity of 3 years. As per the provisions of enterprise income tax law, the Company adopts 15% enterprise tax rate applicable for high-tech enterprises for three years since 2015.

⑥ On November 21, 2016, Shijiazhuang Xuxin Optoelectronic Technology Co., Ltd. was rated as the national high-tech enterprise with validity of 3 years. As per the provisions of enterprise income tax law, the Company adopts 15% enterprise tax rate applicable for high-tech enterprises for three years since 2016.

⑦ On November 30, 2016, Jiangsu Jixing New Material Co., Ltd. was rated as the national high-tech enterprise with validity of 3 years. As per the provisions of enterprise income tax law, the Company adopts 15% enterprise tax rate applicable for high-tech enterprises for three years since 2016.

⑧On November 24, 2016, Shanghai Tanyuan Huigu New Material Technology Co., Ltd. was rated as the national high-tech enterprise with validity of 3 years. As per the provisions of enterprise income tax law, the Company adopts 15% enterprise tax rate applicable for high-tech enterprises for three years since 2016.

⑨On December 1, 2016, Mingshuo(Beijing) Electric Technology Co., Ltd. was rated as the national high-tech enterprise with validity of 3 years. As per the provisions of enterprise income tax law, the Company adopts 15% enterprise tax rate applicable for high-tech enterprises for three years since 2016.

⑩On October 25, 2017, Beijing Xutan New Material Technology Co., Ltd. was rated as the national high-tech enterprise with validity of 3 years. As per the provisions of enterprise income tax law, the Company adopts 15% enterprise tax rate applicable for high-tech enterprises for three years since 2017.

(11)On November 17, 2017, Suzhou Tengda Optical Technology Co., Ltd. was rated as the national high-tech enterprise with validity of 3 years. As per the provisions of enterprise income tax law, the Company adopts 15% enterprise tax rate applicable for high-tech enterprises for three years since 2017.

(12)On December 8, 2016, Sichuan Xuhong Optoelectronic Technology Co., Ltd. was rated as the national high-tech enterprise with validity of 3 years. As per the provisions of enterprise income tax law, the Company adopts 15% enterprise tax rate applicable for high-tech enterprises for three years since 2016.

(13)On November 24, 2016, Shanghai Sunlong Bus Co., Ltd. was rated as the national high-tech enterprise with validity of 3 years. As per the provisions of enterprise income tax law, the Company adopts 15% enterprise tax rate applicable for high-tech enterprises for three years since 2016.

(14)On December 8, 2016, Chengdu Tunghsu Intelligence Technology Co., Ltd. was rated as the national high-tech enterprise with validity of 3 years. As per the provisions of enterprise income tax law, the Company adopts 15% enterprise tax rate applicable for high-tech enterprises for three years since 2016.

(15)Daosui Group Tibet Construction Development Co., Ltd, based on the “Notice of the People's Government of Tibet Autonomous Region on Issuing the Measures for the Implementation of Enterprise Income Tax Policy of Tibet Autonomous Region” (Zangzhengfa [2014] No. 51) policy, enjoys the corporate income tax at the rate of 15% for the strategy of developing the western region and is exempted from the 40% tax share that originally belongs to the local place, thus actually implementing the income tax rate of 9%.

(16)Guangxi Yuanzheng New Energy Automobile Co., Ltd, based on the Guangxi People's Government's Circular on the Continuation and Revision of Certain Policies Concerning the Promotion of the Open Development of the Guangxi Beibu Gulf Economic Zone” (Gui Zhengfa [2014] No. 5) policy, enjoys the corporate income tax at the rate of 15% for the strategy of developing the western region and is exempted from the 40% tax share that originally belongs to the local place, thus actually implementing the income tax rate of 9%.

(17) Harbin Sunlong New Energy Automobile Sales Co., Ltd, based on the “Notice of Ministry of Finance, State Administration of Taxation on the Relevant Issues Concerning the Preferential Policies for Small-scale, Low-profit Enterprises” (Cai Shui [2011] No. 117) and the 28th clause of “The People's Republic of China Enterprise Income Tax Law”- that the small profit-making enterprise that meets the requirements enjoys a reduction of 20% tax rate on the corporate income tax, actually implements the income tax rate of 10%.

VII. Notes to the major items of consolidated financial statement

Unless stated especially in notes below, the year-beginning and year-end refer to [January 1, 2017] and [December 31, 2017] respectively and the current and previous periods mean 2017 and 2016 respectively.

1. Cash and Bank Balances

Items	Year-end balance	Year-beginning balance
Cash	2,456,404.77	195,269.23
Bank deposit	26,581,092,840.04	25,702,932,587.25
Other monetary assets	787,629,173.04	740,107,409.73
Total	27,371,178,417.85	26,443,235,266.21

Notes : The amount of restricted cash and bank balances by the end of the period is RMB 2,342,099,012.61.

2. Notes receivable

(1) Categories of notes receivable

Items	Year-end balance	Year-beginning balance
Bank acceptance	267,121,031.99	54,602,225.13
Trade acceptance	271,007,552.85	5,300,000.00
Total	538,128,584.84	59,902,225.13

Notes 1: As of December 31, 2017, Non pledge receivable.

Notes 2: In the period, there were no notes transferred to receivables due to the inability of the drawer to perform the contract.

Notes 3:

The increase in bill receivables at the end of the period compared to the beginning of the period was mainly due to the increase in bill settlements.

(2) Notes transferred to accounts receivable because drawer of the Notes fails to execute the contract or agreement, and undue Notes endorsed to other parties at the end of the period.

Items	End of the period amounts derecognizing	End of the period amount untermiated
Bank acceptance	408,530,735.60	
Trade acceptance	354,855,629.41	
Total	763,386,365.01	

3. Account receivable

(1) Classification account receivables.

In RMB

Classification	Amount in year-end				
	Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)	
Accounts receivable of individually withdrawing bad debt provision with significant individual amount	175,782,084.76	2.15	175,782,084.76	100.00	
Accounts receivable according to the characteristics combinatorial withdrawing bad debt provision	8,014,973,427.16	97.85	102,357,124.41	1.28	7,912,616,302.75
Aging group	5,560,025,775.47	67.88	102,357,124.41	1.84	5,457,668,651.06
Others	2,454,947,651.69	29.97			2,454,947,651.69

Accounts receivable of individually withdrawing bad debt provision with non-significant individual amount					
Total	8,190,755,511.92	100.00	278,139,209.17	3.40	7,912,616,302.75

Continued:

Classification	Amount in year-beginning				
	Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)	
Accounts receivable of individually withdrawing bad debt provision with significant individual amount					
Accounts receivable according to the characteristics combinatorial withdrawing bad debt provision	1,737,903,055.07	100.00	23,223,193.54	1.34	1,714,679,861.53
Aging group	1,713,071,450.43	98.57	23,223,193.54	1.36	1,689,848,256.89
Others	24,831,604.64	1.43			24,831,604.64
Accounts receivable of individually withdrawing bad debt provision with non-significant individual amount					
Total	1,737,903,055.07	100.00	23,223,193.54	1.34	1,714,679,861.53

Notes: Accounts receivable increased at the end of the period compared to the beginning was due to the corresponding increase in receivables caused by the increase in the scope of consolidation and the increase in revenue

A. Accounts receivable subject to individually withdrawing bad debt provision with significant individual amount..

Account receivable(Unit)	Amount in year-end			
	Account receivable	Provision for bad debts	Proportion%	Reason
Inner Mongolia Zhunxing Heavy Haul Expressway Co., Ltd.	136,922,651.00	136,922,651.00	100.00	Not expected to be recovered as a result of litigation
[Korea]Korea sunlong Bus Co.Ltd	32,271,178.11	32,271,178.11	100.00	Notes
Foshan Shanshui Yuejing Transportation Co., Ltd.	6,588,255.65	6,588,255.65	100.00	The enterprise has been liquidated and is not expected to be recovered
Total	175,782,084.76	175,782,084.76		

Notes: For the account receivable of [Korea] Korea Sunlong Bus Co. Ltd-that the outstanding payment of goods has been long delayed due to the disruption of vehicle sales caused by the serious contraction of Korean Tourism Market and the Policy of Automobile Emission Standard, the company has adopted a variety of dunning measures, but has not yet achieved results. At the end of the period, the company conducted a separate impairment test for that. After being tested for impairment, the impairment loss was determined based on the difference of the present value of its future cash flow lower than its book value, making the provision for bad debts.

B.Accounts receivable of combinational withdrawing bad debt provision by aging analysis method

Aging	Amount in year-end			
	Amount	Proportion%	Provision for bad debts	Proportion%
Within credit period	4,804,376,327.27	86.41		
Within 1 year after credit period	475,395,359.98	8.55	23,769,768.00	5
1-2 years	157,429,968.78	2.83	15,742,996.88	10
2-3 years	30,253,071.87	0.54	9,075,921.56	30
3-4 years	70,331,047.81	1.26	35,165,523.91	50

4-5 years	12,123,618.99	0.22	8,486,533.29	70
Over 5years	10,116,380.77	0.18	10,116,380.77	100
Total	5,560,025,775.47	100.00	102,357,124.41	

Continued:

Aging	Amount in year- beginning			
	Amount	Proportion%	Provision for bad debts	Proportion%
Within credit period	1,338,186,140.15	78.11		
Within 1 year after credit period	323,442,506.37	18.87	16,172,125.32	5
1-2 years	44,122,755.27	2.58	4,412,275.53	10
2-3 years	5,767,644.70	0.34	1,730,293.36	30
3-4 years	1,287,809.23	0.08	643,904.62	50
4-5 years				
Over 5years	264,594.71	0.02	264,594.71	100
Total	1,713,071,450.43	100.00	23,223,193.54	

C.Accounts receivable of combinational withdrawing bad debt provision by Other methods

Group name	Amount in year-end	Provision for bad debts
State subsidy. Local subsidy	2,160,997,954.00	
Other group	293,949,697.69	
Total	2,454,947,651.69	

Continued:

Group name	Amount in year- beginning	Provision for bad debts
Other group	24,831,604.64	

(2) As of December 31, 2017, The ending balance of account receivables owed by the imputation of the top five parties

The total receivable amount of top five closing balances collected by the debtors in the current reporting period is RMB3,085,731,346.89, which accounts for 37.67% of the total receivables. The total amount of closing balance for corresponding accrued bad-debt provision is RMB151,034.84.

(3) Bad debt provision

Items	Amount in year-beginning	Increase in current period		Decrease in current period		Amount in year-end
		Merge Increase	Accrue current period	Switch back	Write-off	
Provision for bad debts	23,223,193.54	213,347,141.68	56,209,531.83	13,255,101.30	1,385,556.58	278,139,209.17

4. Advance payments

(1) Disclosed by aging:

Aging	Amount in year-end		Amount in year- beginning	
	Amount	Proportion(%)	Amount	Proportion(%)
Within 1 year	1,770,735,173.59	87.65	899,752,983.51	90.98
1-2 years	196,495,357.45	9.73	60,915,445.38	6.16
2-3 years	27,318,669.74	1.35	28,247,726.09	2.86
Over 3 years	25,712,246.12	1.27		
Total	2,020,261,446.90	100.00	988,916,154.98	100.00

Notes 1: Top 5 companies in advance payments

As of December 31, 2017, the total amount of the top five companies in advance payments is RMB 1,017,731,385.62, accounting for 50.38% of the total ending balance of prepayments of advance payments.

Notes 2: Compared with prepaid account at the beginning, increase in prepaid account at the end of this year was caused by advanced-material prepayment's increase.

5. Interest receivable

Items	Amount in year-end	Amount in year-begin
Finance company deposit	49,456,785.29	
Total	49,456,785.29	

6. Other accounts receivable

(1) Other accounts receivable disclosed by Classification

In RMB

Classification	Amount in year-end				
	Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)	

Other Accounts receivable of individually withdrawing bad debt provision with significant individual amount	9,056,821.74	0.83	9,056,821.74	100.00	
Other Accounts receivable according to the characteristics combinatorial withdrawing bad debt provision	1,080,819,148.37	98.85	35,930,812.05	3.32	1,044,888,336.32
Aging group	479,110,914.74	43.82	35,930,812.05	7.50	443,180,102.69
Others	601,708,233.63	55.03			601,708,233.63
Other Accounts receivable of individually withdrawing bad debt provision with non-significant individual amount	3,471,143.41	0.32	3,471,143.41	100.00	
Total	1,093,347,113.52	100.00	48,458,777.20	4.43	1,044,888,336.32

continued:

Classification	Amount in year-beginning				Book value
	Book Balance		Bad debt provision		
	Amount	Proportion(%)	Amount	Proportion(%)	
Other Accounts receivable of individually withdrawing bad debt provision with significant individual					

amount					
Other Accounts receivable according to the characteristics combinatorial withdrawing bad debt provision	723,679,529.31	100.00	2,071,452.48	0.29	721,608,076.83
Aging group	11,064,278.05	1.53	2,071,452.48	18.72	8,992,825.57
Others	712,615,251.26	98.47			712,615,251.26
Other Accounts receivable of individually withdrawing bad debt provision with non-significant individual amount					
Total	723,679,529.31	100.00	2,071,452.48	0.29	721,608,076.83

Notes: The increase in other receivables at the end of the period compared to the beginning was mainly due to the increase in the scope of consolidation.

A. As of December 31, 2017 other receivable of individually withdrawing bad debt provision with significant individual amount

Other account receivable(Unit)	Amount in year-end			
	Book amount	Provision for bad debts	Proportion(%)	Reason
{ Korea}Korea Sunlong Bus Co.,Ltd	9,056,821.74	9,056,821.74	100.00	Notes
Total	9,056,821.74	9,056,821.74		

Notes: For the account receivable of [Korea] Korea Sunlong Bus Co. Ltd-that the outstanding payment of goods has been long delayed due to the disruption of vehicle sales caused by the serious contraction of Korean Tourism Market and the Policy of Automobile Emission Standard, the company has adopted a variety of dunning measures, but has not yet achieved results. At the end of the period, the company conducted a separate impairment test for that. After being tested for impairment, the impairment loss was

determined based on the difference of the present value of its future cash flow lower than its book value, making the provision for bad debts.

B. Other receivable of combinational withdrawing bad debt provision by aging analysis method

Aging	Amount in year-end			
	Amount	Proportion%	Provision for bad debts	Proportion(%)
Within credit period	3,466,942.25	0.72	-	
Within 1 year after credit period	306,683,320.80	64.02	15,334,166.04	5.00
1-2 years	156,810,474.35	32.73	15,681,047.45	10.00
2-3 years	10,126,918.04	2.11	3,038,075.42	30.00
3-4 years	291,472.32	0.06	145,736.16	50.00
4-5 years				
Over 5 years	1,731,786.98	0.36	1,731,786.98	100.00
Total	479,110,914.74	100.00	35,930,812.05	

Continued:

Aging	Amount in year- begin			
	Amount	Proportion%	Provision for bad debts	Proportion(%)
Within credit period	7,450,056.95	67.34		
Within 1 year after credit period	645,004.90	5.83	32,250.25	5.00
1-2 years	474,822.31	4.29	47,482.23	10.00
2-3 years	718,105.55	6.49	215,431.66	30.00
3-4 years				
4-5 years				
Over 5 years	1,776,288.34	16.05	1,776,288.34	100.00
Total	11,064,278.05	100.00	2,071,452.48	

C. Other receivable of combinational withdrawing bad debt provision by other method

Name	Amount in year-end	Provision for bad debts
Persona Returnable		
Insurance	2,564,564.43	
Personal official borrowing	84,988,267.52	
Deposit	507,702,264.31	

Export tax refunds	6,453,137.37	
Total	601,708,233.63	

Continued:

Continued:	Continued:	Provision for bad debts
Current account	527,903,347.24	
Deposit	95,277,718.54	
Persona Returnable Insurance	1,672,087.31	
Personal official borrowing	12,609,907.99	
Export tax refunds	75,152,190.18	
Total	712,615,251.26	

(2) Other account receivable classified by account nature

Nature	Closing book value	Opening book value
Current account	283,565,756.25	534,975,706.65
Deposit	507,702,264.31	95,277,718.54
Personal official borrowing	84,988,267.52	12,609,907.99
Advance cash	129,922,874.94	
Project Petty cash	68,529,879.43	
Persona Returnable Insurance	2,564,564.43	1,672,087.31
Export tax refunds	6,453,137.37	75,152,190.18
Other	9,620,369.27	3,991,918.64
Total	1,093,347,113.52	723,679,529.31

(3) As of December

31,2017, The ending balance of other receivables owed by the imputation of the top five parties

Name	Is it a related party?	Nature	Amount in year-end	Aging	Proportion	The closing balance of bad debts
Sichuan City Construction No.5 Infrastructure	No	Deposit	120,000,000.00	Within 1 year after credit period	10.98	

Development Co., Ltd.						
Sichuan Panxi Lingshan Tourism Investment Development Co., Ltd.	No	Enterprises fund transfers	83,188,661.00	Within 1 year after credit period is 8,538,143.00, Other 1-2 years	7.61	7,891,958.95
Chongqing Haolong Platinum Industry Co., Ltd.	No	Enterprises fund transfers	69,000,000.00	Within 1 year after credit period	6.31	3,450,000.00
Tibet transportation Dept.	No	Deposit	32,323,634.00	Within 1 year after credit period	2.96	
Nanxian Finance Bureau	No	Deposit	30,000,000.00	Within credit period	2.74	
Total			334,512,295.00		30.60	11,341,958.95

(4) Provision for bad debts

Items	Amount in year-beginning	Increase in current period		Decrease in current period		Amount in year-end
		Merge Increase	Accrue current period	Switch back	Write-off	
Provision for bad debts	2,071,452.48	43,556,369.88	5,780,373.86	2,949,419.02		48,458,777.20

7. Inventory

(1) Inventory types

Items	Year-end balance		
	Book Balance	Provision for bad debts	Book value
Raw materials	2,206,107,287.33	23,802,249.09	2,182,305,038.24
Processing products	243,932,972.44	-	243,932,972.44
Stock goods	451,020,558.26	8,589,366.30	442,431,191.96

Development cost	1,188,193,081.41	-	1,188,193,081.41
Including : Capitalized interest amount	101,544,263.19	-	101,544,263.19
Completed but unsettled assets caused by construction contract	760,198,642.91	-	760,198,642.91
Goods shipped in transit	49,805,897.67	-	49,805,897.67
Commissioned processing material	13,306,134.19	-	13,306,134.19
land arrangement	10,346,187.21	-	10,346,187.21
Total	4,922,910,761.42	32,391,615.39	4,890,519,146.03

Continued:

Items	Balance in year-beginning		
	Book Balance	Provision for bad debts	Book value
Raw materials	926,072,946.54	1,993,847.52	924,079,099.02
Processing products	88,806,786.62		88,806,786.62
Stock goods	413,365,434.87		413,365,434.87
Development cost	1,082,130,108.03		1,082,130,108.03
Including : Capitalized interest amount	94,597,013.19		94,597,013.19
Completed but unsettled assets caused by construction contract	411,924,091.61		411,924,091.61
Commissioned processing material	746,545.11		746,545.11
Total	2,923,045,912.78	1,993,847.52	2,921,052,065.26

Notes 1: basis of provision for inventory revaluation reserve was cost and net realizable value, and reason of inventory revaluation reserve provision was that final realizable net value was lower than cost.

Notes 2: A. The development cost details

No	Name	(Planned) Start time	Expected first batch completion time	Estimated total investment	Year-beginning balance	Year-end balance
01	Tunghsu International Center	2015-12-29	2018-1-30	2.2 billion	1,082,130,108.03	1,188,193,081.41

B. Capitalization of project interest

Name	Interest amount of interest in current period	Interest capitalization accumulated amount	Interest capitalization rate (%)
Tunghsu International Center	6,947,250.00	101,544,263.19	4.41

(2) Assets unsettled formed by construction contract which has completed at period-end:

Items	Amount
Accumulated Incurred Cost	5,687,415,654.84
Accumulated Confirmed Gross Profit	463,123,569.73
Less: Expected loss	
Settlement Amount	5,390,340,581.66
Unliquidated Completed Assets Formed in the Construction Contract	760,198,642.91

(3) Changes in inventory prices

Items	Year-beginning balance	Increase		Decrease		Year-end balance
		Merge Increase	Accrue current period	Switch back	Write-off	
Raw materials	1,993,847.52	11,333,938.25	10,474,463.32			23,802,249.09
Stock goods		11,800,929.72		3,211,563.42		8,589,366.30
Total	1,993,847.52	23,134,867.97	10,474,463.32	3,211,563.42		32,391,615.39

8. Holding assets for sale

Items	End book value	Fair value	Estimated disposal cost	Estimated disposal time
Non-current assets held for sale	213,034,435.58			
Including: Long-term Equity Investment	213,034,435.58			Notes
Total	213,034,435.58			

Notes: On May 31, 2017,

Subsidiary Shenzhen Xuhui Investment Control Co., Ltd. acquires Mingshuo (Beijing) Electric Technology Co., Ltd., and the acquisition agreement stipulates that: Mingshuo (Beijing) Electric Technology Co., Ltd.'s original subsidiary, Mingshuo (Beijing) Trade Co., Ltd., Huzhou Mingwang Lighting Technology Co., Ltd.

Pursuant to the agreement of the acquisition of sub-subsidiary company Dao Group Engineering Co., Ltd.: Daosui Group Engineering Co., Ltd. originally held a subsidiary .Sichuan Panxi Liangshan Travel Investment Development Co., Ltd., Sichuan Panxi Lingshan Travel Investment Huanshun real estate Co., Ltd. Subei Hexing Water Gc., Ltd. was stripped after the acquisition.

9. Non current assets due within one year

Items	Closing balance	Opening balance
Trust guarantee fund		2,106,800.00

10. Other current assets

Items	Closing balance	Opening balance
USD exchange	58,000,000.00	58,000,000.00
Prepaid or pending certified taxes	1,207,890,689.74	1,167,079,242.21
Short-term financial	1,220,000,000.00	2,021,430,000.00
Total	2,485,890,689.74	3,246,509,242.21

Notes: The decrease in other current assets at the end of the period was mainly due to the decrease in short-term financial management.

11. Available-for-sale financial assets

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Available-for-sale Debt instrument						
Available-for-sale Equity instrument	100,000,056.00		100,000,056.00			

Including:						
Fair value measurements						
Cost measured	100,000,056.00		100,000,056.00			
Total	100,000,056.00		100,000,056.00			

(2) Available-for-sale financial assets measured by cost

Investee	Book balance				Provision for bad debts				Shareholdin g proportion among the investees	Cash bonus of the reporting period
	Year-be gininig balance	Addition	Dedu ction	Year-end balance	Year- begin inig balan ce	Addit ion	Dedu ction	Year-end balance		
Beijing Yihuatong Technology Co., Ltd.		100,000,056.00		100,000,056.00					5.51	
Total		100,000,056.00		100,000,056.00						

Notes: On July 10, 2017, the Company subscribed for 1,282,052.00 shares of the add-directional share issuance of the New Third Board Beijing Yihuatong Technology Co., Ltd at the price of RMB 78.00 per share, with paying the consideration of RMB 100,000,056.00. After the subscription, the company holds 5.51% stake of Beijing Yihuatong Technology Co., Ltd. As it's unable to obtain fair value, the estimate is measured at cost.

12. Long-term receivables

Items	Closing balance			Opening balance			Discount rate interval
	Book balance	Provisio n for impairm ent	Book value	Book balance	Provisio n for impairm ent	Book value	
Sale of commodities by	180,165,813.64		180,165,813.64				4.75%-20.56%

Items	Closing balance			Opening balance			Discount rate interval
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value	
installment							
Including: Unrealized financing income	36,176,946.73		36,176,946.73				
Total	143,988,866.91		143,988,866.91				

13. Long-term equity investments

(1) Long-term equity investments

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment subsidiaries	155,434.20		155,434.20	155,434.20		155,434.20
Investment of Joint venture or associated company	2,130,484,724.70		2,130,484,724.70	72,354,803.70		72,354,803.70
Total	2,130,640,158.90		2,130,640,158.90	72,510,237.90		72,510,237.90

(2) Investment of Joint venture or associated company

Investees	Year-beginning balance	Increase/decrease				
		Addition investment	Deduction investment	Gains/loss under equity method	Other comprehensive income adjustments	Other changes in equity
Associated enterprises						
Zhongda Chengxin	72,354,803.70			952,164.38		

International Commercial Factoring Co., Ltd.					
Tunghsu Group Finance Co., Ltd.		2,000,000,000.00		4,062,204.94	
Tunghsu (Deyang) Graphene Industry Development Fund Partnership (LP)		20,800,000.00		-363,261.89	
Zibo Bus service Co., Ltd.		32,666,667.00		12,146.57	
Total	72,354,803.70	2,053,466,667.00		4,663,254.00	

Continued:

Investees	Increase/decrease			Closing balance	Closing balance of impairment provision
	Declaration of cash dividends or profit	Withdrawn impairment provision	Other		
Associated enterprises					
Zhongda Chengxin International Commercial Factoring Co., Ltd.				73,306,968.08	
Tunghsu Group Finance Co., Ltd.				2,004,062,204.94	
Tunghsu (Deyang) Graphene Industry Development Fund Partnership (LP)				20,436,738.11	
Zibo Bus service Co., Ltd.				32,678,813.57	
Total				2,130,484,724.70	

(3) Investment subsidiaries

Investees	Year-beginning balance	Addition	Deduction	Year-end balance
Tunghsu Technology Co., Ltd.	155,434.20			155,434.20
Total	155,434.20			155,434.20

Notes: On January 22, 2017, the Company and Tunghsu Group Co., Ltd made agreement for the capital contribution and establishing of Tunghsu Group Finance Company, in which the Company contributed RMB 400 million with the stake holding proportion of 40%, and Tunghsu Group Co., Ltd contributed RMB 600 million with the stake holding proportion of 60%. By the end of the period, after a number of capital increases, the company contributed RMB 2 billion with the stake holding proportion of 40%, and Tunghsu Group Co., Ltd contributed RMB 3 billion with the stake holding proportion of 60%.

In March 2017, the company and its subsidiary Beijing Tunghsu Huaqing Investment Co., Ltd contributed capital to establish Tunghsu (Deyang) Graphene Industry Development Fund Partnership (Limited Partnership): respectively, the contribution of funds was RMB 19.8 million and RMB 1 million, with share-holding proportion of 19.8% and 1% respectively.

On November 10, 2017, the company contributed RMB 32,666,667 to Zibo Bus Passenger Transport Co., Ltd. After the capital contribution, the company's stake of Zibo Bus Passenger Transport Co., Ltd was 49%, which did not constitute a control.

Notes 2: The indirect shareholding ratio of the Company to Tunghsu Technology Co., Ltd. is 80%. Now Tunghsu Technology Co., Ltd. is in bankruptcy liquidation period and the liquidation period is managed by a professional intermediary agency, so the Company loses control and is no longer included in the scope of consolidation.

14. Investment property

(1) Investment property by cost measurement

Item	House and Building	Land use right	Construction in process	Total
I. Book value				
1. Year-beginning balance				
2. Increase in the current period	58,843,742.66			58,843,742.66
(1) Purchase	58,843,742.66			58,843,742.66
3. Decreased amount of the period				

(1) Disposal				
4. Balance at period-end	58,843,742.66			58,843,742.66
II. Accumulated depreciation				
1. Opening balance				
2. Increased amount of the period	614,302.80			614,302.80
(1) Withdrawal	614,302.80			614,302.80
3. Decrease in the reporting period				
(1) Disposal				
4. Closing balance	614,302.80			614,302.80
III. Impairment provision				
1. Opening balance				
2. Increase in the reporting period				
(1) Withdrawal				
3. Decrease in the reporting period				
(1) Disposal				
4. Closing balance				
IV. Book value				
1. Book value of the period-end	58,229,439.86			58,229,439.86
2. Book value of the period-begin				

Notes 1: The sub-subsidiary-Shenzhen Xinyingtong Technology Uses the part of the building for rent.

Notes 2: Investment property with restricted ownership

Notes 3: For details of the mortgage situation of investment property at the end of the period, please refer to Notes v, 62.

15. Fixed assets

(1) On December 31, 2017, List of fixed assets

In RMB

Items	House, building	Machinery equipment	Transportations	Other equipment	Total
I. Original price					
1. Balance at period-beginning	1,590,135,171.69	10,560,431,215.44	48,665,144.56	73,210,520.27	12,272,442,051.96
2. Increase in the current period	383,249,502.12	943,700,914.42	71,659,169.28	110,922,764.91	1,509,532,350.73
(1) Purchase	239,248.49	298,419,911.33	45,223,437.69	64,808,997.68	408,691,595.19
(2) Transferred from construction in progress	162,719,661.54	433,042,048.74		40,127.26	595,801,837.54
(3) Increased of Enterprise Combination	220,290,592.09	179,138,547.18	26,051,491.59	27,567,389.78	453,048,020.64
(4) Category adjustment		33,100,407.17		17,132,108.69	50,232,515.86
(5) Capital invested by stockholders		384,240.00	1,374,141.50	1,758,381.50	
3. Decreased amount of the period	50,232,515.86	98,371,907.70		731,114.82	149,335,538.38
(1) Disposal				731,114.82	731,114.82
(2) Transferred from construction in progress		98,371,907.70			98,371,907.70
(3) Category adjustment	50,232,515.86				50,232,515.86
4. Balance at	1,923,152,157.95	11,405,760,222.16	120,324,313.8	183,402,170.3	13,632,638,864.31

period-end			4	6	
II. Accumulated depreciation					
1. Opening balance	266,300,843.75	1,099,696,006.53	30,323,978.81	35,861,865.74	1,432,182,694.83
2. Increased amount of the period	137,267,707.85	950,553,829.70	25,579,460.84	37,030,236.24	1,150,431,234.63
(1) Withdrawal	73,264,769.48	890,726,491.09	10,094,206.59	22,519,912.28	996,605,379.44
(2) Increased of Enterprise Combination	64,002,938.37	57,768,698.81	15,485,254.25	14,510,323.96	151,767,215.39
(3) Category adjustment		2,058,639.80			2,058,639.80
(4) Other increase					
3. Decrease in the reporting period	2,058,639.80	39,377,435.16		686,558.11	42,122,633.07
(1) Disposal				686,558.11	686,558.11
(2) Fixed assets Transferred from construction in progress		39,377,435.16			39,377,435.16
(3) Category adjustment	2,058,639.80				2,058,639.80
4. Balance at period-end	401,509,911.80	2,010,872,401.07	55,903,439.65	72,205,543.87	2,540,491,296.39
III. Impairment provision					
1. Opening balance		36,444.84			36,444.84
2. Increase in the reporting period			555,940.00		555,940.00
(1) Withdrawal					
(2) Increased of Enterprise Combination			555,940.00		555,940.00
3. Decrease in the					

reporting period					
(1) Disposal					
4. Closing balance		36,444.84	555,940.00		592,384.84
IV. Book value					
1.Book value of the period-end	1,521,642,246.15	9,394,851,376.25	63,864,934.19	111,196,626.49	11,091,555,183.08
2.Book value of the period-begin	1,323,834,327.94	9,460,698,764.07	18,341,165.75	37,348,654.53	10,840,222,912.29

Notes 1: The increase in fixed assets from the beginning of the period to the end of the period was mainly due to the increase in the conversion of glass substrate production lines and the increase in the acquisition of subsidiaries.

Notes 2: For details of the mortgage situation of fixed assets at the end of the period, please refer to Notes V.62.

(2) Fixed assets rented by finance leases

Items	Original book value	Accumulated depreciation	Accumulated depreciation	Book value
Machinery equipment	1,626,791,238.70	270,981,657.40		1,355,809,581.30
Total	1,626,791,238.70	270,981,657.40		1,355,809,581.30

(3) Fixed assets without certificate of title completed

Items	Book value	Reason
Power substation	322,361.08	Processing
Boiler room	4,240,188.77	Processing
Guoyuefu	9,582,255.29	Processing
Total	14,144,805.14	

16. Project under construction

(1) Project under construction

Name	Year-end balance	Year-beginning balance
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	Book balance	Provision for devaluation	Book value	Book balance	Provision for devaluation	Book value
Wuhu LCD glass substrate production line project	1,992,039,147.54		1,992,039,147.54	1,676,291,711.39		1,676,291,711.39
Wuhan LCD glass substrate production line project	14,645,209.52	14,645,209.52		14,645,209.52	14,645,209.52	
Kunshan Color film project	363,976,794.49		363,976,794.49	60,284,978.33		60,284,978.33
Sapphire crystal cultivation and processing of production line equipment				205,128.21		205,128.21
Project of Production Line for the 8.5th-generation Glass substrate				35,847,492.91		35,847,492.91
Polarized	763,009,412.48		763,009,412.48			
Other	134,089,525.29		134,089,525.29	106,153.85		106,153.85

Total	3,267,760,089.3	14,645,20	3,253,114,879.	1,787,380,674.	14,645,209.52	1,772,735,464.
	2	9.52	80	21		69

Notes: The increase in construction in progress at the end of the reporting period compared to the beginning was mainly due to the increased investment in the Xuyou Polarizer Project and the Kunshan Color Film Project.

(2) Changes of significant construction in progress

Name of project	Budget ('0000)	Source of funding	Proportion %	Project process
Wuhu LCD glass substrate production line project	757,652.00	Raise fund and self	93.15	93.15
Kunshan Color film project	311,550.00	Raise fund and self	13.16	13.16
Production Line for the 8.5th-generation Glass glass substrate	695,000.00	Raise fund	8.43	8.43
Xuyou Sheet glass Phase I Project	220,000.00	Self	34.93	34.93

Continued:

Name	Opening balance	Increase	Decrease		Opening balance
		Amount	Transfer to fixed assets	Other decrease	
Wuhu LCD glass substrate production line project	1,676,291,711.39	315,747,436.15			1,992,039,147.54
Including : Interest capitalized	587,265,536.47	107,416,248.46			694,681,784.93
Kunshan Color film project	60,284,978.33	303,691,816.16			363,976,794.49
Production Line for the 8.5th-generation Glass substrate	35,847,492.91	491,869,849.67	527,717,342.58		
Xuyou Sheet glass Phase I Project		768,446,112.81	5,436,700.33		763,009,412.48

Total	1,772,424,182.63	1,879,755,214.79	533,154,042.91		3,119,025,354.51
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(3) Impairment provision of construction projects

Items	Beginning balance	Increase	Decrease	Ending balance
Wuhan LCD glass substrate production line project	14,645,209.52			14,645,209.52

Notes 1: Subsidiary Wu Han Tunghsu Optoelectronic Technology Co. Ltd stopped its on-construction projects at the end of 2014. The produced fee was upfront cost rather than physical assets which has no disposal value. According to book value and recoverable value, cash flow will not be produced in the future, The increase in construction in progress at the end of the reporting period compared to the beginning was mainly due to the increased investment in the Xuyou Polarizer Project and the Kunshan Color Film Project.

Notes 2: final mortgage situation of projects under construction was listed in Chapter V 62..

17. Engineering Material

Items	Closing balance	Opening balance
Special Equipment		263,312.81
Special material		41,155.24
Less: Impairment provision of Engineering material		
Total		304,468.05

18. Intangible assets

(1) On December 31, 2017, Intangible assets

Items	Land use right	Patent right	Non patent technology	Financial software	Right of trade mark	Total
I. Original price						
1. Balance at period-beginning	650,426,450.51	22,120,666.71	47,023,137.22	1,748,174.44		721,318,428.88
2. Increase in the current period	208,378,312.85	1,462,330.09	103,843,988.04	6,006,889.53	87,050,298.13	406,741,818.64
(1) Purchase	3,538,782.89	1,462,330.09	382,188.04	1,073,217.44		6,456,518.46
Increased of Enterprise Combination	204,839,529.96		103,461,800.00	4,933,672.09	87,050,298.13	400,285,300.18
3. Decreased amount of the period						
(1) Disposal						
4. Balance at period-end	858,804,763.36	23,582,996.80	150,867,125.26	7,755,063.97	87,050,298.13	1,128,060,247.52
II. Accumulated amortization						-
1. Balance at period-beginning	51,700,328.15	1,687,640.05	13,540,982.34	698,596.10	-	67,627,546.64
2. Increase in the current period	21,104,858.91	1,451,239.80	15,077,918.53	2,267,358.56	44,050,066.05	83,951,441.85

(1) Withdrawal	13,596,584.64	1,451,239.80	6,369,672.55	276,317.46	7,142,152.36	28,835,966.81
(2) Increased of Enterprise Combination	7,508,274.27		8,708,245.98	1,991,041.10	36,907,913.69	55,115,475.04
3.Decreased amount of the period						
(1) Disposal						
4. Balance at period-end	72,805,187.06	3,138,879.85	28,618,900.87	2,965,954.66	44,050,066.05	151,578,988.49
III. Impairment provision						
1. Balance at period-beginning						
2. Increase in the current period						
(1) Withdrawal						
3.Decreased amount of the period						
(1) Disposal						
4. Balance at period-end						
4. Book value						
1.Book value at period -end	785,999,576.30	20,444,116.95	122,248,224.39	4,789,109.31	43,000,232.08	976,481,259.03
2.Book value at period-beginning	598,726,122.36	20,433,026.66	33,482,154.88	1,049,578.34		653,690,882.24

Notes: See Note V.62 for detailed conditions for the land usage rights mortgage by the end of the period

(2)Details of Land use right failed to accomplish certification of property

Items	Book value	Reason
Land use right	54,553,148.74	In process
Total	54,553,148.74	

19. Research and development expenditure

Items	Beginning balance	Increase In the period		Decrease in period		Ending balance
		Internal development expenditure	Other	Recognized as intangible assets	Transferred to current profits and losses	
Application of Metal Phosphate as anode material for Lithium Ion Battery		3,883,495.16				3,883,495.16
Magnolia lamp design project		762,432.49				762,432.49
Landscape street lamp design project		2,141,940.99				2,141,940.99
Distributed photovoltaic power plant project		2,022,956.97				2,022,956.97
Low voltage distribution system project		2,055,487.81				2,055,487.81
High voltage distribution system project		3,096,837.78				3,096,837.78
Intelligent photovoltaic junction box		914,598.09				914,598.09
Electric vehicle charging pile Project in 2017		519,955.68				519,955.68
Total		15,397,704.97				15,397,704.97

20. Goodwill

(1) Original book value of goodwill

Investees/ Item	Beginning balance	Increase		Decrease		Ending balance
		Business Combination	Other increase	Disposal	Other	
Shanghai Tanyuan Huigu New Material Co., Ltd.	33,935,384.57					33,935,384.57
Mingshuo (Beijing) Electric Technology Co., Ltd.		32,783,882.96				32,783,882.96
Chuanglian Huatai(HK) Co., Ltd.		722,450.89				722,450.89
Chenzhou Hongcheng Public Traffic Constriction Development Co., Ltd.		10,163,443.61				10,163,443.61
Daosui Group Engineering Co., Ltd.		40,095,298.31				40,095,298.31
Suzhou Tengda Optics Technology Co., Ltd.		82,350,192.94				82,350,192.94
Guangxi Yuanzheng New Energy Automobile Co., Ltd .		55,664,910.37				55,664,910.37
Shanghai Sunlong Bus Co., Ltd.		2,331,962,577.34				2,331,962,577.34
Total	33,935,384.57	2,553,742,756.42				2,587,678,140.99

Notes

1

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The increase in goodwill at the end of the period compared to the beginning of the period was mainly due to the acquisition of subsidiaries Shanghai Sunlong Bus Co., Ltd. Sub-subsidiaries Guangxi Yuanzheng New Energy Automobile Co., Ltd., Mingshou (Beijing) Electronic Technology Co., Ltd., Chuanglian Huatai(HK) Co., Ltd., and Chuanglian Huatai (Hong Kong) Co., Ltd., Chenzhou Hongcheng Public Traffic Constriction Development Co., Ltd., Daosui Group Engineering Co., Ltd. and Suzhou Tengda Photic Technology Co., Ltd. in the current period.

Notes 2: At the end of the final test, no impairment of goodwill.

21. Long-term amortization expenses

Items	Balance in year-begin	Increase at this period	Amortization at this period	Balance in year-end
Building renovation	12,322,890.33	18,688,587.85	10,126,899.16	20,884,579.02
NEG Technology Use fee		6,167,700.00	513,975.00	5,653,725.00
Total	12,322,890.33	24,856,287.85	10,640,874.16	26,538,304.02

22. Deferred income tax assets and deferred income tax liability

(1) Deferred income tax assets

Items	Balance in year-end		Balance in year-begin	
	Temporarily Deductible or Taxable Difference	Deferred Income Tax Assets	Temporarily Deductible or Taxable Difference	Deferred Income Tax Assets
Assets devaluation provision	72,286,637.24	359,333,254.86	5,545,678.33	26,473,636.54
Deductible loss	60,872,377.21	434,657,411.04	4,175,215.32	25,667,886.19
Not realized the internal profit	298,268,385.84	1,976,256,974.79	313,088,997.92	2,075,630,800.04
Deferred income difference	11,046,150.02	73,641,000.14	9,813,015.00	65,420,100.08
Non-identical control enterprise	783,147.37	8,652,114.93	12,652.70	84,351.33
Combined assets				

valuation impairment				
Projected liability	9,635,906.98	38,543,627.93		
Advance quality margin	16,420,648.06	117,878,085.38		
Total	469,313,252.72	3,008,962,469.07	332,635,559.27	2,193,276,774.18

(2) Deferred tax liabilities

Items	Balance in year-end		Balance in year-beginning	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Impairment of assets under the control of enterprises under the same control	60,149,328.74	349,818,170.15	413,257.79	2,755,051.93
Total	60,149,328.74	349,818,170.15	413,257.79	2,755,051.93

(3) Details of the un-recognized deferred tax assets

Items	Balance in year-end	Balance in year-beginning
Deductible temporary difference		
Deductible losses	74,905,668.59	57,681,700.17
Bad debt provision	86,413.68	814,857.00
Fixed assets depreciation reserves	36,444.84	36,444.84
Provision for impairment of construction projects	14,645,209.52	14,645,209.52
Total	89,673,736.63	73,178,211.53

Notes: It's expected that the temporary differences of deductible cannot be reversed in the future, and the deferred income tax assets were not-yet recognized under the precautionary principle.

(4) The un-recognized deductible losses of deferred income tax assets will due in the following years:

Year	End of term	Beginning of term
2017		856,290.76
2018	15,649.80	15,649.80
2019	436,608.64	944,397.82
2020	3,751,170.54	4,898,217.97

2021	32,084,711.54	50,967,143.82
2022	38,617,528.07	
Total	74,905,668.59	57,681,700.17

23 .Other non-current assets

Year	End of term	Beginning of term
Prepaid land fund	6,590,000.00	
Prepaid engineering equipment	297,827,835.33	471,012,924.19
Total	304,417,835.33	471,012,924.19

Notes: The decrease in other non-current assets from the end of the period to the end of the period was mainly due to the pre-paid construction equipment pre-paid by subsidiaries during the current period.

24. Short-term loan

Items	End of term	Beginning of term
Credit loan	20,060,102.40	
Guarantee loan	4,997,500,000.00	4,345,193,700.00
Pledge loan	374,600,000.00	215,115,413.35
Mortgage loan	320,666,279.80	443,307,086.78
Total	5,712,826,382.20	5,003,616,200.13

Notes:

1. There is no mature but unredeemed short-term borrowing in the company during the accounting period.
2. The final mortgage was RMB374,600,000.00

Thereinto (1) the subsidiary Fuzhou Xufu Optoelectronic Technology Co., Ltd via mortgage loan borrowed RMB 150,000,000.00, with the maximum amount guarantee provided upon using the Fuzhou Xufu Optoelectronic Technology Co., Ltd's own plant and equipment;

(2) The sub-subsidiary Suzhou Tengda Optoelectronic Technology Co., Ltd via mortgage loan borrowed RMB 5,000,000.00, of which: RMB 500,000.00 was provided the mortgage guarantee using the Room 501, No. 6, Xiyao Qilong, Songling Town (Real Estate Certificate No.: Wufangquanzheng Songlingzi No. 01030366) under the names of Qiang Yongwei and Huang Hong; RMB 400,000.00 was provided the mortgage guarantee using Room 102, Building 1, No.112 Xiangnang Road, Songling Town (Real Estate Certificate No.:

Wufangquanzheng Songlingzi No. 01032786) under the names of Ruan Shenggang and Wu Zhihong; RMB 700,000.00 was provided the mortgage guarantee using the 1201 of No.11 Building of Jixiang Garden No.389 Suzhouhe Road Songling Town(Real Estate Certificate No.: Sufangquanzheng Wujiangzi No. 25013181) under the names of Ji Ai'min and Xu Xiaohua; RMB 1,400,000.00 was provided the mortgage guarantee using the No. 2506 of C-9 Building of Sunshine Xintiandi Garden No. 1888 Garden Road Songling Town(Real Estate Certificate No.: Sufangquanzheng Wujiangzi No. 25019287) under the names of Huang Ping and Yuan Zhijin; RMB 2,000,000.00 was provided the mortgage guarantee using the No. 3-1 in No.6 Lane Fengxin Road Dongmen Street Songling Town(Real estate Certificate number: Wufangquanzheng, Songlingzi No. 0102277) under the name of Yuan Zhijin.

(3) The sub-subsidiary Shenzhen Xinyintong Technology Co., Ltd via mortgage loan borrowed RMB 22,000,000.00, with that Zhang Lixia provided the house property of No. 5000615797 Shen Fangdizi and Zhong Yuhua provided the house property of No. 3000415955 Shen Fangdizi as the collateral, and Zeng Jiankai, Zhong Yuhua and Zhang Lixia provided the joint and several liability guarantee.

(4) The sub-subsidiary Daosui Group Engineering Co., Ltd via mortgage loan borrowed RMB 197,600,000.00, thereinto, a: for RMB 122,000,000.00, the guarantors were Yang Jianzhong and You Shaoguo, with the mortgage of the land of Mianguoyong (2014) No. 0227 and the No. 0358 house property of Mianning County Fangquanzheng Zi of Sichuan Panxi Lingshan Tourism Investment Development Co., Ltd; b: For RMB 26,000,000.00, the guarantors were Yang Jianzhong and You Shaoguo, with the mortgage of the No. 0358 house property of Mianning County Fangquanzheng Zi, the No. 45, No. 46, No. 48 to No. 52 house properties of Real Estate Certificate of Yue Limited Liability Zi and the lands of No.2016-1, No. 2016-2, No. 2016-4 to No. 2016-8 of Yueguoyong (2013) of Huaying Minghua Trading co., Ltd; c: for RMB 35,200,000.00, the guarantors were Yang Jianzhong and You Shaoguo, with the mortgage of No. 011160, No. 011161 and No. 011164 house properties of Huafangquanzheng, the No. 200700978-200700984 house properties of Guangfangquanzheng and the No.384 land of Huaguoyong (2012); d: for RMB 14,400,000.00, the guarantor was Yang Jianzhong, with the mortgage of No.011160, No. 011161 and No. 011164 house properties of Huafangquanzheng and the No.200700978-200700984 house properties of Guangfangquanzheng and the No.384 land of Huaguoyong (2012).

Notes 3: Guarantee loan was RMB 4,997,500,000.00:

Whereby, (1)Tunghsu Group Co., Ltd offered RMB 550,000,000.00 joint liability guarantee to The Company, Li Zhaoting offered RMB 960,000,000.00 joint liability guarantee to the Company, Tunghsu Group and Li Zhaoting offered RMB1,150,000,000.00 Guarantee to the company,Tunghsu Group,Li Zhaoting and Li Qing offered RMB 100,000,000.00 Guarantee to the Company.

(2) Tunghsu Group offered RMB 155,000,000.00 joint liability guarantee to Zhengzhou Xufei Optoelectronic Technology Co., Ltd.,Tunghsu Group and Li Zhaoting Offered RMB180,000,000.00 Guarantee

to Zhengzhou Xufei Optoelectronic Technology Co., Ltd., Tunghsu Group Offered RMB 25,000,000.00 Joint liability guarantee to the Sub- subsidiary- Suzhou Tengda Potics Technology Co., Ltd., Huang Ping and Yuan Zhijin offered RMB 3,000,000.00 joint liability guarantee to the Sub- subsidiary- Suzhou Tengda Potics Technology Co., Ltd., Suzhou Tengda Potics Technology Co., Ltd , Yuan Zhijin and Huang Ping offered RMB 2,500,000.00 Guarantee to the Sub-subsubsidiary-Chongqing Jinghuateng Optoelectronic Technology Co., Ltd.

(3) The company provided the joint and several liability guarantee for RMB 252,000,000.00 for the subsidiary Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd;

(4) Tunghsu Group Co., Ltd provided a RMB 40,000,000.00 joint and several liability guarantee for the subsidiary Sichuan Xuhong Optoelectronic Technology Co., Ltd.

(5) Tunghsu Group Co., Ltd and Li Zhaoting provided a RMB 15,000,000.00 joint and several liability guarantee for the sub-subsubsidiary Chengdu Intelligence Technology Co., Ltd.

(6) Chengdu Jinkong Financing Guarantee Co., Ltd, Yang Jianzhong and Hong Shuping provided a guarantee for RMB 15,000,000.00 for the sub-subsubsidiary Daosui Group Engineering Co., Ltd, meanwhile providing the counter-guarantee with the mortgage of the house property of No. 2016071100409 of Guang'an Fangquanzheng and the No. 1913 land of Huaguoyong (2016) of Daosui Group Engineering Co., Ltd.

(7) Tunghsu Group Co., Ltd provided the joint and several liability guarantee for RMB 735,000,000.00 for Shanghai Sunlong Bus Co., Ltd, Shanghai Qianhe Industrial Co., Ltd and Tunghsu Group Co., Ltd provided the joint and several liability guarantee for RMB 200,000,000.00 for Shanghai Sunlong Bus Co., Ltd, and Tunghsu Group Co., Ltd and Li Zhaoting provided the guarantee for RMB 100,000,000.00 for Shanghai Sunlong Bus Co., Ltd; Tunghsu Group Co. Ltd provided the joint and several liability guarantee for RMB 170,000,000.00 for the sub-subsubsidiary Guangxi Yuanzheng New Energy Automobile Co., Ltd, and Shanghai Sunlong Bus Co., Ltd provided the joint and several liability guarantee for RMB 30,000,000.00 for Guangxi Yuanzheng New Energy Automobile Co., Ltd.

(8) The Company provided a guarantee for RMB 255,000,000.00 for the subsidiary Wuhu Tunghsu Optoelectronic Technology Co., Ltd; the Company and Li Zhaoting provided a guarantee for RMB 60,000,000.00 for the subsidiary Wuhu Tunghsu Optoelectronic Technology Co., Ltd.

Notes 4: Final pledge loan amount was RMB 320,666,279.80. Including: The pledge borrowing of RMB 149,840,000.00 was provided a pledge guarantee by Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd using the term deposit certificate of RMB 157,000,000.00; the pledge borrowing of RMB 27,666,279.80 was provided a pledge guarantee by Shenzhen Xinyintong Technology Co., Ltd using the term deposit certificate of Swiss Franc 4,213,392.40; the RMB 143,160,000.00 was provided a pledge guarantee by Wuhu Tunghsu Optoelectronic Technology Co., Ltd using the certificate of deposit.

25. Note payable

Type	Balance in year-end	Balance in year-beginning
Bank acceptance	826,294,597.49	287,270,750.54
Commercial acceptance	237,603,082.40	159,820,750.00
Total	1,063,897,679.89	447,091,500.54

26.Account payable

(1) On December 31,2017, The amount of accounts payable is 4,602,026,192.66.

Items	Balance in year-end	Balance in year-beginning
Engineering fund	1,095,153,995.50	268,326,380.77
Material fund	3,398,116,007.25	898,612,297.84
Transportation expenses	11,172,407.72	1,263,084.00
Technology Service	6,069,737.32	
Other	91,514,044.87	48,422,384.18
Total	4,602,026,192.66	1,216,624,146.79

Notes: The increase of the accounts payable of the period are mainly due to the increase of material payment payable and freight payable.

(2) Significant accounts payable that aged over one year

Items	Balance in year-end	The reason for not repaid or carried forward
Wuxi Jingke automobile Part Co., Ltd.	22,801,014.52	Failure to meet agreed terms and duration of payment
Jiangsu Chengyi Technology Co., Ltd.	16,723,320.66	
Total	39,524,335.18	

27.Advance account

(1) Advance account

Items	Closing balance	Opening balance
Goods	635,258,788.76	434,102,903.36
Engineering fund	1,019,869,237.87	9,243,589.58

Total	1,655,128,026.63	443,346,492.94
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Notes 1: There is no significant advance receipt that is aged over 1 year at the end of the period.

Notes 2: Subsidiaries acquired during the current period had large advance receipts for construction projects at the end of the period, leading to substantial increase in advance receipts from the beginning of the period.

28. Employee compensation payable

(1) Classification of employee compensation payable

Items	Balance in year-beginning	Increase at this period	Decrease at this period	Balance in year-end
I. Short-term salary benefits	47,615,601.99	777,426,719.69	619,815,666.62	205,226,655.06
II. Post-employment benefits - defined contribution plans	808,030.51	55,774,400.44	54,361,042.15	2,221,388.80
III. Termination benefits		90,000.00	90,000.00	
Total	48,423,632.50	833,291,120.13	674,266,708.77	207,448,043.86

(2) Short-term remuneration

Items	Balance in year-beginning	Increase at this period	Decrease at this period	Balance in year-end
1. Wages, bonuses allowances and subsidies	22,359,863.42	675,420,876.84	539,508,340.16	158,272,400.10
2. Employee welfare	220,162.46	22,263,808.44	22,429,127.05	54,843.85
3. Social insurance premiums	435,262.86	30,857,262.58	30,083,087.86	1,209,437.58
Including: Medical insurance	389,159.57	26,949,331.37	26,295,374.01	1,043,116.93
Work injury insurance	14,470.65	1,910,013.01	1,858,221.79	66,261.87
Maternity insurance	31,632.64	1,997,918.20	1,929,492.06	100,058.78
4. Public reserves for housing	499,606.83	23,168,971.97	22,682,218.51	986,360.29

5.Union funds and staff education fee	24,097,800.03	22,771,665.77	2,314,053.78	44,555,412.02
6.Other	2,906.39	2,944,134.09	2,798,839.26	148,201.22
Total	47,615,601.99	777,426,719.69	619,815,666.62	205,226,655.06

(3) Defined contribution plans listed

Items	Balance in year-beginning	Increase at this period	Decrease at this period	Balance in year-end
1. Basic old-age insurance premiums	768,236.51	53,830,875.98	52,518,919.99	2,080,192.50
2.Unemployment insurance	39,794.00	1,943,524.46	1,842,122.16	141,196.30
Total	808,030.51	55,774,400.44	54,361,042.15	2,221,388.80

Notes : Employee benefits payable has no arrears of wages.

29. Taxes payable

Items	Closing balance	Opening balance
VAT	60,982,068.15	83,525,270.27
Business Tax	3,789,219.75	3,789,219.75
Enterprise Income tax	170,094,083.01	100,801,509.39
Enterprise Income tax	30,268,918.67	22,640,521.26
City Construction tax	7,530,509.66	3,774,222.43
House property tax	8,527,871.74	6,187,382.79
Land use tax	1,629,591.44	746,349.07
Educational surtax	6,453,814.04	2,619,192.11
Stamp Tax	3,664,945.79	593,454.49
Other	1,758,082.34	2,824,931.15
Total	294,699,104.59	227,502,052.71

30. Interest payable

Items	Closing balance	Opening balance
Enterprise bond interest	66,833,709.29	66,833,709.29

Loan interest	39,286,060.13	26,522,197.12
Total	106,119,769.42	93,355,906.41

31. Dividends payable

Items	Closing balance	Opening balance
Minority shareholder dividend	35,000,000.00	30,000,000.00
Total	35,000,000.00	30,000,000.00

32. Other payables

(1) Other payables listed by nature of the account

Items	Balance in year-end	Balance in year-beginning
Related party current account	354,752,442.86	27,062,361.47
Project Current account	575,733,577.03	
Deposit	332,539,680.75	22,209,206.85
Individual official borrowing	118,851,620.51	106,501.37
Government Subsidy	15,000,000.00	15,000,000.00
Social security withholding	1,823,102.07	534,058.71
Engineering fund	55,246,500.11	7,619,583.87
Advance funds	33,376,954.61	484,092.66
Stock right fund	252,444,235.97	22,594,191.20
Restricted stock repurchase obligations	4,422,320.00	4,422,320.00
Other	18,927,034.14	19,647,360.38
Total	1,763,117,468.05	119,679,676.51

Notes 1: Other material accounts payable for the current period that are not aged more than one year.

Notes 2: The large amount of other payables at the end of the period for the subsidiaries acquired in this period resulted in a significant increase in the end of other payables compared to the beginning of the period.

33. Non-current liabilities due within 1 year

Items	Closing balance	Opening balance
Long-term payable due 1 year	801,679,583.06	525,979,430.08
Long-term loans due 1 year	4,161,242,686.59	1,570,554,000.00
Deferred income due within one year	46,370,094.12	49,943,377.74
Including: Government subvention	35,162,447.77	34,016,600.57
Unrealized leaseback	11,207,646.35	15,926,777.17
Total	5,009,292,363.77	2,146,476,807.82

Other notes:

Note 1: compared with the beginning of the period, non-current liabilities due within one year was increased at the end of the period because of the increased maturity of loans and financing lease.

Note 2: long-term payable accounts due within one year could be referred to Note V, 37.

Note 3: long-term loans due within one year could be referred to Note V, 35.

Note 4: Deferred income due within one year could be referred to Note V, 39.

34. Other current liabilities

Items	Closing balance	Opening balance
USD exchange	65,342,000.00	69,370,000.00
For resale tax	79,012,267.85	16,165,473.05
Financing	82,800,911.12	
Total	227,155,178.97	85,535,473.05

Notes : In 1993, the Group signed the agreement on exchange of US dollars which agreed returning 10,000,000 US dollars to the Exchange Unit and repossess the RMB 58,000,000 exchanged in November 1998. As of December 31, 2017, the Group still consults with the Exchange Unit on the returning of the exchange.

35. Long-term loan

(1) Category of long-term loan

Items	Closing balance	Opening balance
Credit loans		400,000,000.00
Guarantee loans	4,359,733,333.30	3,638,280,000.00

Mortgage loans	3,636,235,604.06	5,448,433,000.00
Pledge loans	950,000,000.00	
Less : Long-term loan due 1 year	4,161,242,686.59	1,570,554,000.00
Total	4,784,726,250.77	7,916,159,000.00

Notes 1: At the end of the period, the Company has no long-term borrowings that have not yet been repaid.

Notes 2: The Guarantee of RMB 4,359,733,333.30 is both the mortgage loan and the guarantee loan, reclassified into the non-current liabilities due within one year RMB 2,659,233,333.30.

Thereinto: (1) Tunghsu Group Co., Ltd, Li Zhaoting and Li Qing provided the joint and several guarantee for the company's borrowings of RMB 2,102,400,000.00, of which RMB 1,187,900,000.00 was reclassified to non-current liabilities due within one year; Tunghsu Group Co., Ltd and Li Zhaoting provided the joint and several guarantee for the company's borrowings of RMB 783,333,333.30, of which RMB 585,333,333.30 was reclassified to non-current liabilities due within one year; Tunghsu Group Co., Ltd provided the joint and several guarantee for the company's borrowings of RMB 496,000,000.00, which was reclassified to non-current liabilities due within one year; Tunghsu Group Co., Ltd, Tunghsu Optoelectronics Investment Co., Ltd and Li Zhaoting provided the guarantee for RMB 400,000,000.00 for the Company.

(2) Tunghsu Group Co., Ltd and Tunghsu Optoelectronic Technology Co., Ltd provided the joint and several guarantee for RMB 100,000,000.00 for Fuzhou Tunghsu Optoelectronic Technology Co., Ltd, of which RMB 100,000,000.00 was reclassified to non-current liabilities due within one year; Nippon Electric Glass Co., Ltd provided the joint and several guarantee for the sub-subsidiary Fuzhou Tunghsu Optoelectronic Technology Co., Ltd's borrowings of RMB 188,000,000.00.

(3) Shijiazhuang Baoshi Electronic Group Co., Ltd and Li Zhaoting provided the joint and several guarantee for Chengdu Tunghsu Intelligent Technology Co., Ltd's borrowings of RMB 275,000,000.00, of which RMB 275,000,000.00 was reclassified to non-current liabilities due within one year; Meishan Shengtong Financing Guarantee Co., Ltd provided the joint and several guarantee for Daosui Group Engineering Co., Ltd's borrowings of RMB 15,000,000.00, of which RMB 15,000,000.00 was reclassified to non-current liabilities due within one year;

Notes 3: The mortgage borrowings of RMB 3,636,235,604.06 were both mortgage borrowings and guarantee borrowings, of which RMB 1,002,009,353.29 was reclassified to non-current liabilities due within one year.

Thereinto: (1) For the RMB340,000,000.00 borrowings, RMB 136,000,000.00 was reclassified to non-current liabilities due within one year, and the collateral and the guarantor: a: Wuhu Tunghsu Optoelectronic Technology Co., Ltd used the land use right of the 202 Mu state-owned land and the factory building of this

completed project and the 2 precious metal lines of platinum channel as the mortgage; b: the guarantor for the borrowing was Wuhu Construction Investment Co., Ltd.

(2) For the borrowings of RMB 1,500,000,000.00, RMB 375,000,000.00 was reclassified to non-current liabilities due within one year, and the collateral and the guarantor: a: Wuhu Tunghsu Optoelectronic Technology Co., Ltd used its possessed 8 precious metal lines assets of platinum channel as the mortgage; b: The Company provided the joint and several liability guarantee for the subsidiary Wuhu Tunghsu Optoelectronic Technology Co., Ltd.

(3) For the borrowings of RMB 660,739,400.00, RMB 183,068,400.00 was reclassified to non-current liabilities due within one year, and the collateral and the guarantor: a: The guarantor Tunghsu Group Co., Ltd provided the joint and several guarantee for the borrowings equivalent to RMB 450 million under this item and the interest, penalties, compound interest, compensation, liquidated damages, damages, and expense of realization of creditor's rights arising from that amount to the lender; b: the assessment value of the collateral-the above-ground buildings and the equipment(including the 4 precious metal lines of platinum channel) were RMB 1,055,713,019.27.

(4) For the borrowings of RMB 53,175,833.30, RMB 5,801,000.00 was reclassified to non-current liabilities due within one year, and the collateral and the guarantor: Zeng Jiankai and his spouse Zhong Yuhua provide the joint and several liability guarantee; Shenzhen Xinyingtong Technology Co., Ltd used the houses as the collateral for the borrowings.

(5) For the borrowings of RMB 350,370.76, RMB 169,953.29 was reclassified to non-current liabilities due within one year, and the collateral and the guarantor: Zeng Jiankai provided the joint and several liability guarantee and provided the vehicle with worth value of RMB 729,238.00 as the collateral.

(6) For the borrowings of RMB 600,000,000.00, RMB 150,000,000.00 was reclassified to non-current liabilities due within one year, and the collateral and the guarantor: a: The mortgagor Shijiazhuang Xuxin Optoelectronic Technology Co., Ltd used the can-be-mortgaged assets formed by the project including the land use right, buildings and machinery and equipment (including three precious metal lines of platinum channel) for providing the mortgage guarantee; b: Tunghsu Group Co., Ltd, Li Zhaoting and Li Qing provide the guarantee.

(7) For the borrowings of RMB 30,000,000.00, RMB 30,000,000.00 was reclassified to non-current liabilities due within one year, and the collateral and the guarantor: a: the collateral was the No. 02674664 of Yongfangquanzheng Zi real estate with the worth value of RMB 16 million; c. the land certificate of the real estate right of No.0000039 of Nanning City Gui (2015) with the worth value of RMB 20 million; b: Ye Jianhui and Yang Xiangyang provided the joint and several liability guarantee.

(8) For the borrowings of RMB 41,970,000.00, RMB 41,970,000.00 was reclassified to non-current liabilities due within one year, and such borrowings were both mortgage borrowings and guarantee borrowings; thereinto: a :for RMB 22,000,000.00, the guarantors were Yang Jianzhong and Hong Shuping, with the No.

02136-02190 house property of Huafangquanzheng Xizi, the No. 02200-02255 house properties of Huafangquanzheng Xizi and the No. 1013-1022 lands of Huaguoyong (2015) of Suidao Group Engineering Co., Ltd, the No. 2543368, No. 2559445 and No. 2543321 house properties of Chengfangquanzheng Jianzhengzi of Yang Jianzhong, the No. 2543381, No.2543374 and No. 2543317 house properties of Chengfangquanzheng Jianzhengzi of Heyang Chun, and the No. 2543293 house property of Chengfangquanzheng Jianzhengzi of Lu Zhicheng as the collateral; b: for RMB 19,970,000.00, the guarantors were Yang Jianzhong and Hong Shuping, with the No. 000587685 real estate of real estate right of Hechuan District Yu(2016) of Chongqing Haolong Platinum Industrial Co., Ltd as the collateral.

(9) For the borrowings of RMB 410,000,000.00, RMB 80,000,000.00 was reclassified to non-current liabilities due within one year, and the collateral and the guarantor: a: Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd used its possessed land-use rights of No. 020 of Wukai (Industrial) Guoyong 2013, No. 021 of Wukai (Industrial) Guoyong 2013 and No. 008 of Wukai (Industrial) Guoyong 2014 and the fixed assets after completion of the projects as the collateral; b: the Company provided the whole-process joint and several liability guarantee for the subsidiary Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd.

Notes 4: The pledge borrowing of RMB 950,000,000.00 was both Pledge borrowing and guarantee borrowing, of which RMB 500,000,000.00 was reclassified to non-current liabilities due within one year.

Thereinto (1) for the borrowings of RMB 500,000,000.00, RMB 500,000,000.00 was reclassified to non-current liabilities due within one year, and the pledge and the guarantor: a: with the 90 % stake of Tunghsu Technology Group Co., Ltd held by Tunghsu Group Co., Ltd and the 10% stake of Tunghsu Technology Group Co., Ltd held by Li Zhaoting as the pledge; b: Tunghsu Group Co., Ltd, Li Zhaoting and Li Qing provided the guarantee.

(2) for the borrowings of RMB 450,000,000.00, the pledge and the guarantor: a: with the 5 million outstanding shares of Tunghsu Optoelectronic Technology Co., Ltd held by Tunghsu Group Co., Ltd and the equity of Chengdu Tunghsu Intelligent Technology Co., Ltd corresponding to the paid-in capital of RMB 178,750,000.00 held by Tunghsu Group Co., Ltd as the pledge; b: Tunghsu Group Co., Ltd and Li Zhaoting provided the guarantee.

Notes 5. Rate of annual long-term borrowing is generally ranged from 3.68%--8.50%.

36. Bonds payable

(1) Bonds payable

Items	Closing balance	Opening balance
15 Tunghsu bonds	993,310,440.39	990,780,313.28
Mid-term note I	2,981,914,109.61	2,976,537,353.65
Mid -term note II	1,689,901,540.52	1,686,594,827.80

Less: Bond payable due 1 year		
Total	5,665,126,090.52	5,653,912,494.73

(2) Changes on bonds payable

Name	Face value	Issuing date	Bonds period	Issue amount
15 Tunghsu bonds	1,000,000,000.00	2015.5.19	5 years	1,000,000,000.00
Mid-term note I	3,000,000,000.00	2016.11.17	5 years	3,000,000,000.00
Mid -term note II	1,700,000,000.00	2016.12.02	5 years	1,700,000,000.00
Less: Bond payable due 1 year				
Total	5,700,000,000.00			5,700,000,000.00

Continued:

Name	Balance in year-begin	Issue	Interest	Amortization of Overflow Discount	Repayment	Balance in year-end
15 Tunghsu bonds	990,780,313.28		60,000,000.00	2,530,127.11		993,310,440.39
Mid-term note I	2,976,537,353.65		139,280,000.00	5,376,755.96		2,981,914,109.61
Mid -term note II	1,686,594,827.80		85,000,000.00	3,306,712.72		1,689,901,540.52
Less: Bond payable due 1 year						
Total	5,653,912,494.73		284,280,000.00	11,213,595.79		5,665,126,090.52

Notes: On September 8, 2016, the 8th board of directors meeting of the company examined and approved the company's application for registration of the medium-term notes issued no more than RMB 4.7 billion. The accepting institution was National Association of Financial Market Institutional Investors. On September 26, 2016, the extraordinary shareholders' general meeting adopted the bill on the registration and issuance of medium-term notes. RMB 4.7 billion medium-term notes was divided into 2 phases in 2016. Among them: total amount of the first phase of the medium-term notes varieties (3 + 2) and five-year notes was RMB 3 billion. Total amount of the second phase of the medium-term notes varieties (3 + 2) and five-year notes was RMB 1.7 billion.

37. Long-term payable

Items	Closing balance	Opening balance
Long-term payable	4,935,555,693.56	2,335,133,534.47
Less: Unconfirmed financing costs	857,567,856.06	294,845,535.72
Less: Port due Within 1 year	801,679,583.06	525,979,430.08
Total	3,276,308,254.44	1,514,308,568.67

Detail:

Name of lessor	Initial amount	Increase in the period	Repayment amount	Closing balance
Beijing Guozi Finance Leasing Co., Ltd.	278,478,157.00		111,391,262.80	167,086,894.20
Wuxi Finance Leasing Co., Ltd.	206,000,000.00		206,000,000.00	-
Beijing Guozi Finance Leasing Co., Ltd.	259,979,122.62		57,773,138.36	202,205,984.26
Haitong Hengxin International Leasing Co., Ltd.	402,769,234.00		115,076,924.00	287,692,310.00
Ligen Finance Leasing(Shanghai) Co., Ltd.	90,749,640.25		36,299,856.08	54,449,784.17
Jiangsu Runxing Finance Leasing Co., Ltd.	240,000,000.00		16,000,000.00	224,000,000.00
Lujin Shenhua Finance Leasing (Shanghai) Co., Ltd.	171,417,988.80		34,283,597.76	137,134,391.04
Xian Runyin Finance Leasing Co., Ltd.	624,984,041.81		27,324,305.55	597,659,736.26
Dongyin Finance leasing (Tianjing)Co., Ltd.		110,928,174.00	27,732,043.50	83,196,130.50
Chengdu Huaming Finance leasing Co., Ltd		1,088,166,668.75	1,114,750.00	1,087,051,918.75

Chengyu Finance Leasing Co., Ltd.		59,056,693.20		59,056,693.20
Sichuan Tianfu Finance Leasing Co., Ltd.		52,857,785.54		52,857,785.54
Hebei Finance Leasing Co., Ltd.	60,755,349.99		30,262,497.38	30,492,852.61
Wanjiang Finance Leasing Co., Ltd.		1,208,417,361.11	39,934,166.66	1,168,483,194.45
Huayun Finance Leasing Co., Ltd.		235,020,820.81	173,611.11	234,847,209.70
Hubei Finance Leasing Co., Ltd.		331,846,944.60		331,846,944.60
Hengqin Jintou International Finance Leasing Co., Ltd.		217,493,864.28		217,493,864.28
Total	2,335,133,534.47	3,303,788,312.29	703,366,153.20	4,935,555,693.56

Notes: Tunghsu Group Co., Ltd, Li Zhaoting and Li Qing offered a guarantee of melts rent at RMB 2,289,810,879.00. The company provided a guarantee of 523 million yuan for the subsidiary Wuhu Tunghsu Optoelectronic Technology Co., Ltd.

38. Estimates liabilities

Items	Closing balance	Opening balance
Lispendens	38,543,627.93	
Product guarantee	117,878,085.38	
Total	156,421,713.31	

39. Deferred income

Items	Closing balance	Opening balance
Government Subsidy	514,241,840.76	461,638,925.35
Less : Government subsidies due within one year	35,162,447.77	34,016,600.57
Not realized after sale rental return	38,763,460.00	49,971,106.49
Less: Unrealized customer service due within 1 year	11,207,646.55	15,926,777.17

rent to profit or loss		
Total	506,635,206.44	461,666,654.10

Details of government subsidies

Items	Beginning of term	New subsidy in current period	Amount transferred to non-operational income	Other income recorded in the current period	Amount of cost deducted in the current period	Other change	End of term	Asset-related or income-related
Grant of Government Infrastructure	27,683,400.00			2,244,600.00			25,438,800.00	Related to Assets
Grant of Industry Revitalization and Technology Reconstruction Project	2,877,777.88			233,333.27			2,644,444.61	
Grant of Glass-tube Secondary Environmental Protection	5,000.00			5,000.00				
Technical reconstruction	2,933,333.31			266,666.66			2,666,666.65	
Grant of Glass Substrate Project	11,000,000.00			1,000,000.00			10,000,000.00	
Industry Development Fund	5,133,333.31			466,666.66			4,666,666.65	
Project finance discount	344,666.69			31,333.32			313,333.37	
Grant of Industry Revitalization and Technology Reconstruction	78,184,000.02			6,515,333.31			71,668,666.71	

Project							
2013 Provincial strategic emerging industries of special grant funds	4,583,333.35			333,333.31			4,250,000.0 4
Technology reconstruction Special funds	30,978,333.32			2,156,000.00			28,822,333. 32
Investment and Subsidies of “Double Hundred Plan” Project granted by the People's Government of Henan Province	1,983,333.33			200,000.00			1,783,333.3 3
TFT glass substrate technology R& D fund	99,166.67			9,999.96			89,166.71
TFT glass substrate project Subsidy	6,611,111.10			666,666.67			5,944,444.4 3
Investment and Subsidies within Budget for Technological Transformation Project by National Development and Reform Commission and the Ministry of Industry and Information Technology	9,255,555.57			933,333.34			8,322,222.2 3

TFT glass substrate project Subsidy	13,222,222.23			1,333,333.32			11,888,888.91
Subsidy Major Scientific and Technical Projects by Finance Bureau of Zhengzhou City	661,111.10			66,666.67			594,444.43
Financial Supports for National Key Industry and Technical Transformation on Projects Granted by the Municipal Finance Bureau	9,255,555.57			933,333.34			8,322,222.23
Financial Supports for National Key Industry and Technical Transformation on Projects Granted by the Municipal Finance Bureau	4,627,777.77			466,666.67			4,161,111.10
Funds for Independent Innovation of Provincially Supported Enterprises	3,966,666.67			399,999.96			3,566,666.71
Supporting Funds on Finance Discounts	1,322,222.23			133,333.32			1,188,888.91

Funds for Education, Science and Culture Granted by the Finance Bureau	991,666.67			99,999.96			891,666.71
Supporting Funds for Industrial Structure -adjusting Projects Granted by the Regional Finance Bureau	1,928,888.88			186,666.72			1,742,222.16
Industry discount and expenses	1,111,111.10			106,666.68			1,004,444.42
Financial discount	3,527,777.86			333,333.36			3,194,444.50
Industrial restructuring project financial funds	3,813,333.33			320,000.04			3,493,333.29
Special Funds for High-end Information Industry Chain Granted by the Finance Bureau of the Economic and Technological Development Zone	4,194,444.45			333,333.36			3,861,111.09
2015 project equipment investment subsidies	32,273,366.64			2,291,600.04			29,981,766.60
Zhengzhou City Finance Bureau in 2011	2,585,555.55			173,333.47			2,412,222.08

and 2012 has been t							
he acceptance of the							
provincial industria							
l structure adjustme							
nt project the second							
batch of funds							
Strategic emerging							
industry							
Development	27,500,000.00			2,000,000.00			25,500,000.00
project funds							
High-tech Zone							
appropriated	6,293,333.33			426,666.68			5,866,666.65
substrate project							
The production line							
of incentive funds	20,748,842.77			1,506,943.40			19,241,899.37
Special funds for							
2015 scientific and							
technological	7,028,417.42			870,336.91			6,158,080.51
achievements							
transform project							
G8.5tft-lcd glass							
substrate							
manufacturing	45,000,000.00			-			45,000,000.00
precision intelligent							
digital workshop							
construction project							
Investment in the							
Central Budget of	4,733,333.33			799,999.92			3,933,333.41
Strategic emerging							
Industries							
2011Key technical							
transformation	591,666.67			99,999.97			491,666.70

project funds							
2011Strategic emerging industry development funds	680,416.67			114,999.97			565,416.70
2012Electronic Information Industry Development Assistance Project	1,183,333.33			200,000.03			983,333.30
Subsidies from the Bureau of Finance of the Economic and technological Development Zone	10,200,000.00			800,000.01			9,399,999.9 9
2013Strategic emerging industry funds	426,111.11			33,333.33			392,777.78
Mianyang Municipal Bureau of Finance Special funds	256,666.67			20,000.01			236,666.66
Glass substrate finishing production Transformation Project	595,000.00			46,666.67			548,333.33
Special fund subsidy for industrial development of municipal financial bureau	470,555.55			36,666.69			433,888.86
2013 fund of	4,277,777.78			333,333.34			3,944,444.4

strategic new industry							4
2014 Provincial funds for Science and Technology	108,333.34			108,333.34			
Sichuan Province Industrial Transformation and upgrading Project 2015	20,058,333.33			1,449,999.98			18,608,333.35
Special funds for Industrial Development in 2016	27,116,477.30	14,800,000.00		2,063,723.76			39,852,753.54
Technical Reformation of key Green Technology for Glass substrate (840)		8,400,000.00					8,400,000.00
Intelligent manufacturing pilot demonstration project subsidy fund (100)		1,000,000.00					1,000,000.00
Group transfer subsidy (National key R & D Program, key basic Materials Technology Promotion and industrialization Project, 2016)		915,400.00					915,400.00

Intelligent Manufacturing New Mode Engineering Project		3,990,000.00					3,990,000.0 0
Annual production of 10 million square meters high aluminum ultra-thin display panel glass items		4,700,000.00					4,700,000.0 0
2017 funds for technological Transformation of Electronic Information Industry		30,000,000.0 0					30,000,000. 00
Subsidy fund for technical transformation of industrial enterprises in Fuzhou		2,580,000.00					2,580,000.0 0
Technical Transformation of Industrial Enterprises in Fuzhou and supporting subsidy funds in Fuqing City		1,290,000.00					1,290,000.0 0
The Development Bureau of Economic and Trade		13,417,100.0 0					13,417,100. 00

Development of Wuhu Economic and technological Development Zone in 2017 "Triple creation" high-end equipment and new material							
Tunghsu group limited transfer to project five funds		150,400.00					150,400.00
China Building Materials International Engineering Group Co., Ltd.		496,000.00					496,000.00
Bengbu Glass Industry Design and Research Institute Co., Ltd., China Building Materials Co., Ltd., transferred to indirect funds (subject 4)		521,000.00					521,000.00
Factory building construction award 877,500		859,591.84		5,116.62			854,475.22
Special fund for automobile development		114,399.00					114,399.00
Project subsidy	7,558,282.21			591,734.82			6,966,547.39

from the Bureau of Finance of the Economic Development Zone							
National key R & D Program key basic Materials Technical Project subsidy	2,280,000.00			-			2,280,000.00
High Aluminium cover Glass set Technology "the Financial subsidy of the important Scientific and technological achievements Transformation Project"	1,000,000.00			-			1,000,000.00
Key new product projects	200,000.00			39,999.96			160,000.04
Financial allocation for Strategic emerging Industries in Sichuan Provinc	3,672,000.00			306,000.00			3,366,000.00
Technical revamping items of 300,000 production Line of Pole-less Lights Ballast	730,999.94			86,000.02			644,999.92
Intelligent Engineering Laboratory of High	1,785,000.00	200,000.00		201,666.71			1,783,333.29

efficiency Lighting system								
Research and development funds	1,590,000.00	636,000.00					2,226,000.00	
159								
17 year loan discount 4.871 million		4,871,000.00		1,672,362.23	2,071,153.06		1,127,484.71	
Science and education support fund		1,787,595.41					1,787,595.41	
Special funds for scientific research	400,000.00						400,000.00	
40								
Total	461,638,925.35	90,728,486.25		36,054,417.78	2,071,153.06		514,241,840.76	Related to income

35.Other Non-current liabilities

Items	Closing balance	Opening balance
CDB financing	500,000,000.00	500,000,000.00
Total	500,000,000.00	500,000,000.00

Notes: According to the investment contract signed by Tunghsu Optoelectronic Technology Co., Ltd, Wuhu Tunghsu Photoelectric Technology Co., Ltd., Fuzhou Tunghsu Investment Development Co., Ltd and China Development Fund Co., Ltd, China Development Fund Co., Ltd increased the capital of RMB 500,000,000.00 to Fuzhou Tunghsu Investment Development Co., Ltd, annually enjoying a fix rate of return. After the project is completed, Tunghsu Optoelectronic Technology Co., Ltd shall make the installment redemption to the stake held by China Development Fund Co., Ltd.

41.Stock capital

Balance Year-beginning	Increase/decrease this time (+, -)					Subtotal	Balance year-end
	Issuing of new share	Bonus shares	Transferred from	Other			

Items				reserves			
Capital shares	4,939,928,983.00	790,321,135.00				790,321,135.00	5,730,250,118.00

42. Capital reserves

Items	Year-beginning balance	Increase in current	Decrease in current	Year-end balance
Share premium	16,307,438,435.63	6,876,360,721.42	1,422,916,311.89	21,760,882,845.16
Other	31,522,375.26			31,522,375.26
Total	16,338,960,810.89	6,876,360,721.42	1,422,916,311.89	21,792,405,220.42

Notes: Note: The non-public issuance of shares increased capital reserve by RMB 6,728,522,710.65 in this period; equity incentives that did not meet the unlocking conditions reduced capital reserve by RMB 3,685,060.00; in the current period, the merger of Sichuan Xuhong Optoelectronics Technology Co., Ltd. and Chengdu Tunghsu Intelligent Technology Co., Ltd. under the same control resulted in a decrease in capital reserves of RMB 1,262,147,006.86; the purchase of a minority stake in Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd. in this period resulted in a decrease in capital reserves of RMB 69,799,270.94; the purchase of a minority stake in Jiangsu Jixing New Material Co., Ltd. in this period resulted in an increase in capital reserves of RMB 147,838,010.77; the purchase of a minority stake in Wuhan Tunghsu Optoelectronics Technology Co., Ltd. in this period resulted in a decrease in capital reserves of RMB 4,256,311.87; the non-equal capital increase of Fuzhou Xufu Optoelectronics Technology Co., Ltd. in this period resulted in a decrease in capital reserves of RMB 238,179.78; the non-incremental capital increase of Tunghsu (Kunshan) Display Materials Co., Ltd. in this period resulted in a decrease in capital reserves of RMB 171,702.02; the non-equal capital increase of Fuzhou Xuyou Electronic Material Technology Co., Ltd. in this period resulted in a decrease in capital reserves of RMB 1,592,159.65; In the current period, a minority equity stake in the subsidiary Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd. was purchased. The unfulfilment of internal transactions profit and loss resulted in a decrease in capital reserve of RMB 81,026,620.77, the unrealized gains and losses from internal transactions attributable to minority shareholders resulted in a decrease of RMB 81,026,620.77 in capital reserve.

43. Treasury stock

Items	Year-beginning balance	Increase in the current	Decrease in the current period	Year-end balance
The obligation to repurchase equity incentive	4,422,320.00			4,422,320.00

44. Other comprehensive income

Items	Year-beginning balance	Amount of current period					Year-end balance
		Amount for the period before income tax	Less: Previously recognized in profit or loss in other comprehensive income	Less: Income tax	After - tax attributable to the parent company	After - tax attributable to minority shareholders	
1. Other comprehensive income will be reclassified into income or loss in the future							
2. Other comprehensive income that will be reclassified to profit or loss in subsequent periods		-4,518.45			-4,518.45		-4,518.45
Including: Balance from the translation of foreign currency		-4,518.45			-4,518.45		-4,518.45

financial statements							
Total		-4,518.45			-4,518.45		-4,518.45

45. Special reserves

Items	Year-beginning balance	Increase in the current	Decrease in the current period	Year-end balance
Safety production cost		38,971,707.64	36,987,786.43	1,983,921.21

46. Surplus reserve

Items	Year-beginning balance	Increase in the current period	Decrease in the current period	Year-end balance
Statutory surplus reserve	188,044,070.48	36,089,754.38		224,133,824.86

47. Retained profits

Items	Year-end balance	Year-beginning balance
Retained earnings before adjustments at the year beginning	1,823,695,278.31	969,380,500.97
Total adjustment of retained earnings at the beginning of the year		-125,600,507.68
Retained earnings after adjustments at the year end	1,823,695,278.31	843,779,993.29
Add: Net profit attributable to owners of the Company for the period	1,743,666,827.25	1,303,685,863.90
Less: Appropriation to statutory surplus reserve	36,089,754.38	55,320,542.06
Appropriation to discretionary surplus reserve		
Appropriation to Common risk provision		
Common stock dividend payable	352,822,141.76	268,450,036.82
Common stock dividends converted to shares		
Retained earnings at the year end	3,178,450,209.42	1,823,695,278.31

Notes: In the beginning of 2016, the undistributed profit adjustment amounted to RMB 125,600,507.68 Yuan, which was mainly due to the change in undistributed profits at the beginning of the year resulting from the merger of Sichuan Xuhong Optoelectronics Technology Co., Ltd. and Chengdu Tunghsu Intelligent Technology Co., Ltd. under the same control.

48. Business income, Business cost

(1) Business income, Business cost

Items	Amount of current period		Amount of previous period	
	Income	Cost	Income	Cost
Main business	17,268,120,231.10	13,694,961,530.83	7,592,415,966.76	5,273,711,854.57
Other business	68,243,927.03	29,010,174.09	39,633,582.49	23,177,694.63
Total	17,336,364,158.13	13,723,971,704.92	7,632,049,549.25	5,296,889,549.20

(2) Main business (Product)

Name	Amount of current period		Amount of previous period	
	Income	Cost	Income	Cost
Photoelectric display material	3,432,892,187.11	2,465,244,370.82	2,160,093,184.00	1,453,932,861.12
Equipment and technical services	7,283,503,936.55	5,401,973,465.61	3,886,968,041.62	2,403,450,345.30
New energy vehicle	2,440,114,670.29	1,975,887,486.20		
Industrial application of graphene	67,322,912.63	27,298,093.82	1,376,522.48	1,499,115.44
Building installation	1,900,969,420.68	1,732,333,435.94	1,519,919,623.11	1,391,121,048.16
Electronic communication products	2,141,375,356.27	2,092,224,678.44	24,058,595.55	23,708,484.55
Other	1,941,747.57			
Total	17,268,120,231.10	13,694,961,530.83	7,592,415,966.76	5,273,711,854.57

(3) Main business (Area)

Area	Amount of current period		Amount of previous period	
	Income	Cost	Income	Cost
Chinese Mainland	14,798,630,188.92	11,290,839,363.47	7,148,116,686.95	4,904,642,675.19
Hong Kong, Macao and Taiwan	1,285,157,257.53	1,241,393,070.33	444,175,683.53	368,973,408.95
Outside	1,184,332,784.65	1,162,729,097.03	123,596.28	95,770.43
Total	17,268,120,231.10	13,694,961,530.83	7,592,415,966.76	5,273,711,854.57

49. Business tax and subjoin

Items	Amount of current period	Amount of previous period
Business tax		-6,367,033.67
Urban construction tax	25,979,433.14	24,343,358.71
Education surcharge	17,674,597.83	17,431,021.73
vehicle and vessel usage tax	32,274.84	16,380.44
Property tax	11,664,190.52	7,293,132.58
Land use tax	19,229,218.83	8,904,899.22
Stamp tax	12,291,523.70	
Other	4,054,035.81	1,544,966.67
Total	90,925,274.67	53,166,725.68

50. Sales expenses

Items	Amount of current period	Amount of previous period
Wage and welfare insurance	58,326,631.77	17,193,995.28
Shipment	62,679,774.84	35,682,542.99
Travel	8,592,322.35	3,374,225.99
Business expenses	8,060,448.92	2,937,911.88
Quality inspection certification fee	400,656.64	2,048,075.45
Consultancy services	10,178,128.46	207,272.13

car expenses	6,048,863.14	626,214.61
Low value consumables and repairs	915,647.22	280,997.55
Office fee	4,309,942.89	317,124.72
Depreciation	735,555.91	463,725.06
Advertising	6,800,911.81	9,590,173.51
Product sales guarantee fee	27,469,125.70	
Other	13,409,374.25	8,712,981.58
Total	207,927,383.90	81,435,240.75

51. Administrative expenses

Items	Amount of current period	Amount of previous period
Wage and additional cost	191,177,173.64	139,492,635.43
Business expenses	6,144,567.34	3,605,678.81
Labor protect fee	1,944,101.86	6,203,091.34
Office fees	24,930,133.14	28,066,728.38
Travel fees	9,287,617.31	7,376,085.21
Publicize Fees	7,383,473.36	4,661,314.88
Miscellaneous charges	1,946,988.14	1,298,300.36
Tax		20,971,717.36
Depreciation accumulative	61,542,343.64	53,949,177.16
Low value consumables and repair costs	10,288,171.00	10,205,687.19
Research expenses	242,192,056.72	88,786,641.58
Consultation fees	51,079,357.72	29,509,470.57
Miscellaneous charges	25,588,522.58	27,952,085.76
Equity incentive cost	-3,685,060.00	3,585,100.00
Other	12,259,142.56	57,058,195.08
Total	642,078,589.01	482,721,909.11

52. Financial expenses

Items	Amount of current period	Amount of previous
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		period
Interest expenses	1,141,012,554.40	650,997,648.66
Less: Interest income	440,833,098.95	249,694,223.81
Net interest expenses	700,179,455.45	401,303,424.85
Exchange gains and losses	18,458,150.08	18,901,344.92
Financial institution	5,615,599.19	4,292,248.76
Bill discount rate	14,514,160.04	1,665,307.27
Financing expenses	14,509,424.87	12,975,780.69
Other	1,038,731.03	23,254.90
Total	754,315,520.66	439,161,361.39

53. Asset impairment loss

Items	Amount of current period	Amount of previous period
Losses for falling price of inventory	7,262,899.90	1,993,847.52
Bad debt loss	45,785,385.37	10,001,159.85
In the construction of the impairment loss		14,645,209.52
Total	53,048,285.27	26,640,216.89

Notes: The main reason for the increase in impairment losses in the current period compared with the prior period is the increase in the provision for bad debts in the current period

54. Investment income

Items	Amount of current period	Amount of previous period
Long-term equity investment income by equity method	4,663,254.00	-71,448.71
Financing income	59,041,599.98	624,657.54
Total	63,704,853.98	553,208.83

55. Assets disposal income

Items	Amount of current period	Amount of previous period	Account for non-current gains and losses in the current period
Non-current assets disposal		32,802.02	

Including: Income from disposal of fixed assets		32,802.02	
Total		32,802.02	

56. Other income

Items	Amount of current period	Amount of previous period
Government Subsidy	351,436,935.11	
Total	351,436,935.11	

(1) Government subsidy reckoned into current gains/losses

Government subsidy type		Amount recorded into current profit or loss	
		Amount of current period	Amount of previous period
Related to assets	Grant of Government Infrastructure	2,244,600.00	
	Grant of Industry Revitalization and Technology Reconstruction Project	233,333.27	
	Grant of Glass-tube Secondary Environmental Protection	5,000.00	
	Technical reconstruction	266,666.66	
	Grant of Glass Substrate Project	1,000,000.00	
	Industry Development Fund	466,666.66	
	Project finance discount	31,333.32	
	Grant of Industry Revitalization and Technology Reconstruction Project	6,515,333.31	
	2013 Provincial strategic emerging industries of special grant funds	333,333.31	
	Technology reconstruction Special funds	2,156,000.00	
	Investment and Subsidies of "Double Hundred Plan" Project granted by the People's Government of Henan Province	200,000.00	
	TFT glass substrate technology R&D fund	9,999.96	

TFT glass substrate project Subsidy	666,666.67	
Investment and Subsidies within Budget for Technological Transformation Project by National Development and Reform Commission and the Ministry of Industry and Information Technology	933,333.34	
TFT glass substrate project Subsidy	1,333,333.32	
Subsidy Major Scientific and Technical Projects by Finance Bureau of Zhengzhou City	66,666.67	
Financial Supports for National Key Industry and Technical Transformation on Projects Granted by the Municipal Finance Bureau	933,333.34	
Financial Supports for National Key Industry and Technical Transformation on Projects Granted by the Municipal Finance Bureau	466,666.67	
Funds for Independent Innovation of Provincially Supported Enterprises	399,999.96	
Supporting Funds on Finance Discounts	133,333.32	
Funds for Education, Science and Culture Granted by the Finance Bureau	99,999.96	
Supporting Funds for Industrial Structure -adjusting Projects Granted by the Regional Finance Bureau	186,666.72	
Industry discount and expenses	106,666.68	
Financial discount	333,333.36	
Industrial restructuring project financial funds	320,000.04	
Special Funds for High-end Information Industry Chain Granted by the Finance Bureau of the Economic and Technological Development Zone	333,333.36	
2015 project equipment investment subsidies	2,291,600.04	
Zhengzhou City Finance Bureau in 2011 and 2012 has been the acceptance of the provincial industrial structure adjustment project the second batch of funds	173,333.47	

Strategic emerging industry Development project funds	2,000,000.00	
High-tech Zone appropriated substrate project	426,666.68	
The production line of incentive funds	1,506,943.40	
Special funds for 2015 scientific and technological achievements transform project	870,336.91	
Investment in the Central Budget of Strategic emerging Industries	799,999.92	
2011Key technical transformation project funds	99,999.97	
2011Strategic emerging industry development funds	114,999.97	
2012Electronic Information Industry Development Assistance Project	200,000.03	
Subsidies from the Bureau of Finance of the Economic and technological Development Zone	800,000.01	
2013Strategic emerging industry funds	33,333.33	
Mianyang Municipal Bureau of Finance Special funds	20,000.01	
Glass substrate finishing production Transformation Project	46,666.67	
Special fund subsidy for industrial development of municipal financial bureau	36,666.69	
2013 fund of strategic new industry	333,333.34	
2014 Provincial funds for Science and Technology	108,333.34	
Sichuan Province Industrial Transformation and upgrading Project 2015	1,449,999.98	
Special funds for Industrial Development in 2016	2,063,723.76	
Factory building construction award 877,500	5,116.62	
National key R & D Program key basic Materials Technical Project subsidy	591,734.82	
National key R & D Program key basic Materials Technical Project subsidy	39,999.96	
Financial allocation for Strategic emerging Industries in Sichuan Province	306,000.00	

	Technical revamping items of 300,000 production Line of Pole-less Lights Ballast	86,000.04	
	Intelligent Engineering Laboratory of High efficiency Lighting system	201,666.71	
Related to income	Tax return	227,459,239.00	
	High reward	100,000.00	
	Patent incentives	18,000.00	
	17 year loan discount 4.871 million	1,672,362.23	
	Technology Award of year 2016	100,000.00	
	Key R&D project	384,000.00	
	Green key technological transformation project	1,800,000.00	
	Suqian Economic Development Zone Finance Bureau talent introduction special funds	200,000.00	
	Suqian Economic Development Zone Finance Bureau settles subsidy payments	136,000.00	
	Development Zone Economic and Trade Development Bureau (2012-2016) Income Tax Refund	13,312,000.00	
	Wuhu Economic and Technological Development Zone Foreign Trade Promotion Financial Subsidy	114,800.00	
	Wuhu fourth batch of "511 industry innovation team" support funds	100,000.00	
	Central Party Committee Organization Department allocates the third batch of support funds	500,000.00	
	High-tech product rewards	50,000.00	
	Patent incentive	136,248.00	
	Intellectual property rewards	1,500,000.00	
	2016 City Science and Technology Award	30,000.00	
	2017 Patent Award of Finance Bureau of Wuhu Economic and Technological Development Zone	5,000.00	
	2017 Wuhu City Finance Bureau Treasury Payment Center City Science and Technology Bureau Grant	210,000.00	
	2017 Wuhu City Finance Bureau Treasury Payment Center City Science and Technology Bureau Grant	70,000.00	

Wuhu Science and Technology Bureau 2016 Provincial Science and Technology Award	40,000.00	
Wuhu Financial Treasury Payment Center	150,000.00	
Wuhu City Social Insurance Center 2017 Development Zone Wengang Subsidy Funding	403,745.00	
Financial Subsidy	300,000.00	
Wuhu Economic and Technological Development Zone Finance Bureau Energy Saving and Environmental Protection Financial Subsidy	79,850.00	
Wuhu Economic and Technological Development Zone Finance Bureau Employment Skills Appraisal Subsidy	52,650.00	
Wuhu Economic and Trade Development Bureau Creates Strong National Standard Award	2,500,000.01	
Provincial Export Credit Insurance Support	10,200.00	
2016 Industrial Economy Industry Support Fund	100,000.00	
2017 Small & Medium Enterprise subsidies in Sichuan Province	230,000.00	
Science Base Funding	50,000.00	
Energy saving and environmental protection product	287,700.00	
SMEs open up market subsidies	4,591.30	
Stability Subsidy	141,148.57	
Technology Innovation Award Fund	15,000.00	
Provincial Science and Technology Award Funding	40,000.00	
Labor Employment Management Center	53,628.50	
Patent funding	48,000.00	
Zhenjiang Jinshan Talents Fund	600,000.00	
The 5th Zhenjiang Excellent Patent Award	20,000.00	
Industrial project equipment investment subsidies	109,100.00	
The second batch of patent grants of the Science and Technology Bureau	32,000.00	
Comprehensive awards for technological transformation of industrial enterprises	490,000.00	
Intellectual property strategy promotion plan grant	180,000.00	

2016 Director Quality Award	200,000.00	
College graduate employment training subsidies	492,000.00	
Introduce foreign intellectual work funds	50,000.00	
Support import and export enterprises to develop subsidies	500,000.00	
The first batch of patent grants in 2017	36,800.00	
2016 Zhengzhou City National Patent Project Support Bonus	150,000.00	
Zhengzhou City Social Security Bureau stable Kong subsidy	339,200.00	
Regulatory Subsidy of Zhengzhou Economic and Technological Development Zone	11,600.00	
Zhengzhou City Human Resources and Social Security Bureau Mayor Quality Award Subsidy	1,000,000.00	
Zhengzhou Economic and Technological Development Zone Management Committee R&D Funding	1,000,000.00	
Zhengzhou Economic and Technological Development Zone Management Committee Patent Funding	46,000.00	
Instrument sharing use grant	16,800.00	
High-tech enterprise government subsidies	135,000.00	
Taihu New City High-tech Enterprise Subsidy	77,600.00	
Taihu New City High-tech Enterprise Subsidy	12,000.00	
new corporate rewards of Yinshou in 2017	100,000.06	
Technological SMEs Technological Innovation Fund	200,000.00	
Technology Award	36,497,930.50	
Production of high-strength and ultra-thin aluminosilicate touch screen glass achievement conversion project based on float process	150,000.00	
December of 2016 High-tech enterprises recognize subsidies	100,000.00	
3D High-Permeability Super Ultra High Strength Al-Si (advanced)	300,000.00	
Industrial Conference Award (010.011)	300,000.00	
Sichuan Famous Brand Product	60,000.00	
Science and Technology Intellectual Property	228,000.00	
Science and Technology Intellectual Property	7,000.00	
In 2017, 25 utility model patents were authorized	50,000.00	

Patent funding	6,000.00	
2017 stable post subsidy	91,153.00	
2017 military and civilian integration of high-level innovation team (Qian Ying Bai Tuan)	800,000.00	
Patent funding	8,920.00	
Standards Implementation Project	50,000.00	
Intellectual Property Project Funding	320,000.00	
Municipal Achievements Transformation Project of 2017	200,000.07	
Hydrogen fuel cell bus subsidy	12,500.00	
Science and education support fund	959,438.10	
"Si Shang" Basic Statistics Construction Grants for Enterprises	3,000.00	
Third Quarter Purchase Position Subsidy	4,500.00	
Recommended Directory Rewards	10,500,000.00	
BRT car model subsidy	7,500,000.00	
First time entry bonus	80,000.00	
Actual special fund for 2016	12,000.00	
Industrial development guidance fund of district for 2016	90,000.00	
Provincial brand product award	200,000.00	
The Social Security Bureau of Chengdu's Pidu District has allocated a stable post subsid	22,175.20	
The first batch of scientific research and technological innovation projects	300,000.00	
Total	351,436,935.11	

57. Non-operating income

(1) Detail:

Items	Amount of current period	Amount of previous period	The amount of non-operating gains & losses
Government Subsidy	1,546,890.81	366,334,180.52	1,546,890.81
Other	1,922,171.57	3,732,027.19	1,922,171.57
Total	3,469,062.38	370,066,207.71	3,469,062.38

(2) Government subsidy recognized into current profits and losses

Items	Amount recognized into current profits and losses	
	Amount of this period	Amount of last period
Special funds for transformation of achievements in 2015		971,582.58
Grant of Government Infrastructure		2,244,600.00
Grant of Industry Revitalization and Technology Reconstruction Project		233,333.28
Grant of Glass-tube Secondary Environment al Protection		20,000.00
Investment and Subsidies of “Double Hundred Plan” Project granted by the People's Government of Henan Province		200,000.00
TFT glass substrate technology R& D fund		10,000.00
TFT glass substrate project Subsidy		666,666.67
Investment and Subsidies within Budget for Technological Transformation Project by National Development and Reform Commission and the Ministry of Industry and Information		933,333.33
TFT glass substrate project Subsidy		1,333,333.33
Subsidy Major Scientific and Technical Projects by Finance Bureau of Zhengzhou City		66,666.67

Financial Supports for National Key Industry and Technical Transformation on Projects Granted by the Municipal Finance Bureau		933,333.33
Financial Supports for National Key Industry and Technical Transformation on Projects Granted by the Municipal Finance Bureau		466,666.67
Funds for Independent Innovation of Provincially Supported Enterprise		400,000.00
Supporting Funds on Finance Discounts		133,333.33
Funds for Education, Science and Culture Granted by the Finance Bureau		100,000.00
Funds for Education, Science and Culture Granted by the Finance Bureau		186,666.67
Industry discount and expenses		106,666.67
Financial discount		333,333.33
Industrial restructuring project financial funds		320,000.00
Special Funds for High-end Information Industry Chain Granted by the Finance Bureau of the Economic and Technological Development Zone		333,333.33
2015 Project investment subsidy fund		2,100,633.36
Zhengzhou City Finance Bureau in 2011 and 2012 has been the acceptance of the provincial industrial structure adjustment project the second batch of funds		14,444.45
Technical reconstruction		266,666.68
Grant of Glass Substrate Project		1,000,000.00
Industry Development Fund		466,666.68
Project finance discount		31,333.32
Subsidies for industrial development and technological transformation projects		6,515,333.32
2013 Special fund subsidy for strategic emerging industries		333,333.32
Special funds for technical transformation		1,156,000.01
Strategic emerging industries development projects funds		2,000,000.00
High-tech Zone appropriation substrate project		106,666.67

	Incentive fund for production line		251,157.23
	Investment in the Central Budget of Strategic emerging Industries		800,000.00
	2011Key technical transformation project funds		100,000.00
	2011Strategic emerging industry development funds		115,000.00
	2012Electronic Information Industry Development Assistance Project		200,000.00
	Subsidies from the Bureau of Finance of the Economic and technological Development Zone		800,000.00
	2013Strategic emerging industry funds		33,333.33
	Mianyang Municipal Bureau of Finance Special funds		20,000.00
	Glass substrate finishing production Transformation Project		46,666.67
	Special fund subsidy for industrial development of municipal financial bureau		36,666.67
	2013 fund of strategic new industry		333,333.33
	2014 Provincial funds for Science and Technology		444,444.44
	Sichuan Province Industrial Transformation and upgrading Project 2015		1,450,000.00
	Special funds for Industrial Development in 2016		1,633,522.70
	Project subsidy from the Bureau of Finance of the Economic Development Zone		441,717.79
	Financial allocation for Strategic emerging Industries in Sichuan Province		306,000.00
	Technical revamping items of 300,000 production Line of Pole-less Lights Ballast		86,000.04
	Intelligent Engineering Laboratory of High efficiency Lighting system		15,000.00
	Subtotal		31,096,769.20
Related to	Housing maintenance subsidy	1,546,890.81	
	Talent project fund		240,000.00
	Innovation incentive fund		10,000.00

inco	Equipment investment incentive fund		298,200.00
me	Science and technology patent award fund		9,000.00
	Provincial Industry and information industry transformation and upgrading of special funds		1,000,000.00
	Provincial Science and technology awards in 2015		20,000.00
	Labor and employment management center steady post subsidies		53,878.05
	The fourth batch of grant funds		50,000.00
	Patent fund		31,000.00
	16 provincial special funds for business development		34,200.00
	16 national special fund for foreign trade and economic development		11,000.00
	Patent funding		40,000.00
	16 special funds for research cooperation		95,000.00
	Central innovation team support fund		100,000.00
	Wuhu social security center steady hillock subsidy		108,000.00
	R & D equipment grants		519,000.00
	Disposable Industrial Development Award Fund		30,000,000.00
	Innovative construction special funds		519,000.00
	Wuhu science and Technology Award in 2015		100,000.00
	Private enterprises hundred special funds		200,000.00
	Wuhu science and Technology Award 2016		280,000.00
	Economic and Trade Development Council Award		50,000.00
	Wuhu Municipal Administration of work safety to pay for the demonstration of occupational health		10,000.00
	Wuhu economic and Technological Development Zone Economic and Trade Development Bureau RD R & D funding		100,000.00
	Wuhu social insurance center post subsidies		402,376.00
	Provincial innovation pilot Award		300,000.00
	Patent financial reward		45,216.00
	Financial incentives for high-tech products		50,000.00
	15		100,000.00

Wuhu provincial treasury payment center provincial foreign trade policy		
Wuhu social security center steady hillock subsidy		1,343,824.00
Development Zone Economic and Trade Development Bureau (2012-2015) Land use tax incentives		13,514,000.00
The second batch of patent applications for funding by the opening of the CMC in 2015		10,400.00
Zhengzhou City Finance Bureau students apply for subsidies		478,800.00
Zhengzhou City Social Security Bureau in the fifth installment of unemployment insurance in 2015		386,200.00
Zhengzhou City Economic Development Zone in 2016 the second batch of patent funds		10,000.00
Zhengzhou City Science and Technology Bureau, Finance Bureau 2016 the first batch of large-scale scientific equipment and facilities to share subsidies		58,700.00
Zhengzhou City Bureau of Finance cited the project funding		70,000.00
Zhengzhou City Social Security Bureau in December 2016 work injury prevention fee		80,000.00
Zhengzhou City Bureau of Commerce in 2015 Zhengzhou City, opening up special funds (national patent awards)		100,000.00
Zhengzhou Economic and Technological Development Zone Finance Bureau 2016 annual R & D costs ladder subsidy		1,000,000.00
Zhengzhou City, Human Resources and Social Security Department of college graduates employment awards		30,000.00
Wuhu City Science and Technology Project		375,000.00
National key research and development program special		2,913,000.00
Suqian Economic and Technological Development Zone 2015 Industrial Development Guided Fund Award		20,000.00
15 years of software products after the first tax return		9,548,117.27
Technology Award		15,000,000.00

Human Resources Office funding for funding		200,000.00
Tax Returns		252,795,000.00
Substrates for Research on key Technology of substrate		300,000.00
Project subsidy		1,320,000.00
Patent subsidy		8,500.00
Financial bureau award		400,000.00
Strategic innovation subsidy		500,000.00
Subtotal	1,546,890.81	335,237,411.32
Total	1,546,890.81	366,334,180.52

58. Non-Operation expense

Items	Amount of current period	Amount of previous period	The amount of non-operating gains & loss
Non current assets loss	65,061.78	13,634.44	65,061.78
Penalty	153,616.36	7,827,849.27	153,616.36
Donation expense	695,000.00	3,000,000.00	695,000.00
Other	895,094.66	53,913.34	895,094.66
Total	1,808,772.80	10,895,397.05	1,808,772.80

59. Income tax

(1) Details of income tax

Items	Amount of current period	Amount of previous period
Current Income tax	419,418,513.13	233,603,425.67
Deferred income tax	-77,390,169.52	-10,596,266.63
Total	342,028,343.61	223,007,159.04

(2) Accounting profit and tax expense adjustment process

Items	Amount of current period
Total profit	2,280,899,478.37
Income tax expense at statutory / applicable tax rates	342,134,921.75
Effect of different tax rates applicable to subsidiaries	22,459,281.49

Income tax adjustments on prior periods	-3,943,683.91
Effect of non-taxable income	-8,390,671.29
The influence of R & D expenses deduction	-11,499,595.80
Effect of non-taxable income	1,956,231.90
Affect the use of deferred tax assets early unconfirmed deductible losses	-6,480,769.74
The current period does not affect the deferred tax assets recognized deductible temporary differences or deductible loss	5,792,629.21
Tax preferences	
Income tax expense	342,028,343.61

60. Supplementary information to cash flow statement

(1) Other cash received relevant to operating activities

Items	Amount of current period	Amount of previous period
Interest income	138,985,963.36	46,828,855.45
Government subsidy	180,198,655.37	221,780,294.05
Deposits income	898,635,041.34	7,365,729.82
Advances fund	128,508,839.16	
Current account income		3,951,000.00
Personal official loans	42,487,900.06	458,623.71
Other	1,188,063.84	2,083,516.87
Total	1,390,004,463.13	282,468,019.90

(2) Other cash paid related to operating activities

Items	Amount of current period	Amount of previous period
Penalty		373,428.35
Consultation Services fee	33,478,622.71	26,204,450.37
Business expenses	16,121,132.04	6,049,557.66
Donation Expenses	164,100.97	3,000,000.00
Current account		1,171,883,338.72
Labour insurance expenses	435,356.38	6,093,936.57
Advertising expenses	7,878,379.26	12,486,812.18
Water and electricity expense	26,078,724.99	25,749,140.36

Travel expenses	25,953,020.88	10,795,592.69
Petty cash	39,765,728.35	
Office expenses	4,311,217.64	24,849,801.25
Deposit	1,031,409,207.85	100,340,589.49
Meeting expenses	6,194,676.55	363,060.46
Communication fees	1,070,662.09	1,509,490.38
Transportation Fees	45,458,467.88	33,241,318.80
R &D	108,773,047.31	43,338,203.87
Auto Fees	17,045,971.04	5,539,503.37
Repairs cost	5,853,741.53	2,086,361.42
Customs agency fee	26,366,224.58	
Trusteeship Fee	17,157,225.76	
After sale service	2,668,931.63	2,416,199.73
Other	34,160,308.28	41,224,490.66
Total	1,450,344,747.72	1,517,545,276.33

(3) Other Cash received related to investment activities

Items	Amount of current period	Amount of previous period
Investment	50,000,000.00	6,120,000.00
Cash and cash equivalents of the subsidiary on the date of acquisition after deducting the monetary investments paid for the acquisition	51,681,062.80	
Current account	9,004,080.00	
Total	110,685,142.80	6,120,000.00

(4) Other Cash payable related to investment activities

Items	Amount of current period	Amount of previous period
Short-term Financing	9,940,000,000.00	2,000,000,000.00
Fixed deposit	1,352,500,000.00	
Investment	50,000,000.00	

Current account	29,503,800.00	
Total	11,372,003,800.00	2,000,000,000.00

(5) Other Cash received related to Financing activities

Items	Amount of current period	Amount of previous period
Interest income	252,390,350.30	202,865,368.36
Finance lease	2,502,800,000.00	1,910,280,000.00
Financing	100,000,000.00	
Current account	3,188,225,632.86	
Bill finance		58,549,109.63
Total	6,043,415,983.16	2,171,694,477.99

(6) Other Cash payable related to Financing activities

Items	Amount of current period	Amount of previous period
Bank charges	5,069,087.22	4,148,574.71
Finance lease deposit	47,666,666.66	28,830,000.00
Factoring financing	17,199,088.88	
Bill financing		112,000,000.00
Finance lease	693,258,375.43	208,838,109.55
Financing service	14,363,334.92	12,883,495.16
Sunlong Private fund	31,979,671.29	
Issue fee	19,785,353.53	
Current account	2,426,041,407.56	
Current account	3,255,362,985.49	366,700,179.42

61. Supplement Information for cash flow statement

(1) Supplement Information for cash flow statement

Supplement Information	Amount of current period	Amount of previous period
I. Adjusting net profit to cash flow from operating activities		
Net profit	1,938,871,134.76	1,388,784,208.70

Add: Impairment loss provision of assets	53,048,285.27	26,640,216.89
Depreciation of fixed assets, oil and gas assets and consumable biological assets	997,219,682.24	669,128,027.31
Amortization of intangible assets	28,835,966.81	17,504,231.42
Amortization of long-term deferred expenses	10,640,874.16	6,918,038.17
Asset disposal loss		-32,802.02
Loss on write-off of fixed assets	65,061.78	13,634.44
Loss on fair value changes		
Financial cost	881,029,924.76	498,578,221.70
Investment losses	-63,704,853.98	-553,208.83
Decrease in deferred income tax assets	-75,912,275.07	-10,596,266.63
Increased in deferred income tax liabilities	-1,477,894.45	-83,768.93
Decrease in inventories	-680,715,501.19	-458,595,170.06
Decrease in operating receivables	-2,851,709,002.41	-1,848,337,667.58
Increase in operating payables	1,029,582,025.66	459,589,469.66
Other		
Cash flows from operating activities	1,265,773,428.34	748,957,164.24
2. Significant investment and financing activities not affecting cash flows		
Debt-to-capital conversion		
Convertible loan due within 1 year		
Fixed assets acquired under financial leasing	3,234,833,741.02	2,274,378,184.47
3. Changes in cash and cash equivalents:		
Ending balance of cash	25,029,079,405.24	25,415,516,739.84
Less: Beginning balance of cash equivalents	25,415,516,739.84	12,076,678,170.58
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		

Net increase of cash and cash equivalents	-386,437,334.60	13,338,838,569.26
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(2) Cash paid for acquiring subsidiaries and other business units

Items	Amount
Cash or Cash Equivalent of Enterprise consolidation that Occurred in the Current Period Paid in the Current Period	517,243,065.63
Including: Mingshuo (Beijing) Electronic Technology Co., Ltd.	57,142,857.00
Jiangsu Tengda Optics Technology Co., Ltd.	50,000,000.00
Chenzhou Hongcheng Public Transport Construction Development	10,000,000.00
Shanghai Sunlong Bus Co., Ltd.	400,000,000.00
Tunghsu Xuhua (international) Equipment Co., Ltd.	100,208.63
Chuanglian Huatai Hongkong Co., Ltd.	
Daosui Group Co., Ltd.	
Ningbo Xude Technology Co., Ltd.	
Less: Cash or Cash Equivalent Owned by Subsidiary on the Purchasing Date	159,590,342.23
Including: Mingshuo (Beijing) Electronic Technology Co., Ltd.	54,255,862.44
Jiangsu Tengda Optics Technology Co., Ltd.	2,365,586.91
Chenzhou Hongcheng Public Transport Construction Development	12,402.73
Shanghai Sunlong Bus Co., Ltd.	51,175,218.72
Tunghsu Xuhua (international) Equipment Co., Ltd.	182,640.92
Chuanglian Huatai Hongkong Co., Ltd.	108,530.20
Daosui Group Co., Ltd.	44,027,126.24
Ningbo Xude Technology Co., Ltd.	7,462,974.07
Received Net Cash Paid by Subsidiary	357,652,723.40

(3) Composition of cash and cash equivalents

Items	Balance in year-end	Balance in year-Beginning
I. Cash	25,029,079,405.24	25,415,516,739.84
Of which: Cash in stock	2,456,404.77	195,269.23
Bank savings could be used at any time	24,885,891,355.84	25,359,339,953.61
Other monetary capital could be used at	140,731,644.63	55,981,517.00

any time		
Payments to the central bank for payment		
Depositing performs		
Loan to performs		
II.Cash equivalents		
Including: Debt instrument matured within three months		
III. Balance of cash and cash equivalents at the period end	25,029,079,405.24	25,415,516,739.84
Including: Use of restricted cash and cash equivalents by parent companies or subsidiaries within the group		

62. Assets with full ownership or right restricted

Items	Restricted amount	Reason
Monetary funds	2,342,099,012.61	Mainly term deposits, deposits and partial litigation freezes
Investment property	58,229,439.86	Pledge loans
Fixed assets	9,409,368,490.55	Set up the mortgage and the fixed assets of the financial lease
Construction in progress	1,677,570,452.42	Pledge loans
Investment property	250,691,543.29	Pledge loans
Account receivable	189,583,404.32	Factoring financing
Total	13,927,542,343.05	

63. Foreign currency monetary items

Items	Balance in year-end	Exchange rate	Balance in year-Beginning
	Amount		RMB balance
Monetary funds			
Including: USD	15,245,704.88	6.5342	99,618,484.83

Euro	12,496.74	7.8023	97,503.31
HKD	4,699.94	0.8359	3,928.68
JPY	6,866,488,722.00	0.0579	397,452,966.74
GBP	2,277.81	8.7792	19,997.35
Account receivable			
Including: USD	22,586,945.53	6.5342	147,587,619.48
Euro	2,541.82	7.8023	19,832.04
HKD	12,473,316.01	0.8359	10,426,444.85
JPY	1,756,333,225.00	0.0579	101,661,836.06
Other receivable			
Including: USD	1,386,064.36	6.5342	9,056,821.74
TWD	2,022,309.00	0.2199	444,705.75
Account payable			
Including: USD	32,757,014.92	6.5342	214,040,886.89
Euro	3,409.80	7.8023	26,604.28
HKD	3,677,619.02	0.8359	3,074,158.52
JPY	901,268,920.00	0.0579	52,168,148.89
Short-term loans			
Including: USD	4,234,073.00	6.5342	27,666,279.80

64. Government subsidy

1) Government subsidies confirmed in current period

Items	Amount	Related to assets		Related to income				Is it actually received
		Deferred income	Reduce the book value of assets	Deferred income	Other income	Non-operating income	Reduce costs and expenses	
Special funds for Industrial	14,800,000.	14,800,000.00						Yes

Items	Amount	Related to assets	Related to income				Is it
Development in 2016	00						
Key technological transformation of green glass substrate (840)	8,400,000.00	8,400,000.00					Yes
Pilot demonstration Project subsidy Fund for Intelligent Manufacturing (100)	1,000,000.00	1,000,000.00					Yes
Group Subsidy (Key National Key R&D Project Key Basic Materials Technology Promotion and Industrialization Key Project 2016)	915,400.00	915,400.00					Yes
Intelligent Manufacturing New Mode Engineering Project	3,990,000.00	3,990,000.00					Yes

Items	Amount	Related to assets	Related to income				Is it
Annual production of 10 million square meters high aluminum ultra-thin display panel glass items	4,700,000.00	4,700,000.00					Yes
2017 funds for technological transformation of electronic information industry	30,000,000.00	30,000,000.00					Yes
Subsidy Fund for Technical Transformation of Fuzhou Industrial Enterprises	2,580,000.00	2,580,000.00					Yes
Fuzhou Industrial Enterprises Technical Transformation in Fuqing City supporting subsidy funds	1,290,000.00	1,290,000.00					Yes
Wuhu							Yes

Items	Amount	Related to assets	Related to income				Is it
Economic and Technological Development Zone Economic and Trade Development Bureau 2017 “Triple and Creative” high-end equipment and new materials	13,417,100.00	13,417,100.00					
Tunghsu group transfer to project for research projects	150,400.00	150,400.00					Yes
China National Building Materials International Engineering Group Co., Ltd. transferred funds for research projects	496,000.00	496,000.00					Yes
Bengbu Glass							Yes

Items	Amount	Related to assets	Related to income				Is it
Industry Design and Research Institute Co., Ltd., China Building Materials Co., Ltd., transferred to indirect funds (subject 4)	521,000.00	521,000.00					
Factory building construction award 877,500	859,591.84	859,591.84					Yes
Special fund for automobile development	114,399.00	114,399.00					Yes
Intelligent Engineering Laboratory of High efficiency Lighting system	200,000.00	200,000.00					Yes
Research funding 159	636,000.00			636,000.00			Yes
17 year loan discount	4,871,000.0			4,871,000.			Yes

Items	Amount	Related to assets		Related to income				Is it
4,871 million	0			00				
Science and education support fund	1,787,595.41			1,787,595.41				Yes
High reward	100,000.00				100,000.00			Yes
Patent incentives	18,000.00				18,000.00			Yes
Technology Award of year 2016	100,000.00				100,000.00			Yes
Key R&D project	384,000.00				384,000.00			Yes
Green key technological transformation project	1,800,000.00				1,800,000.00			Yes
Suqian Economic Development Zone Finance Bureau talent introduction special funds	200,000.00				200,000.00			Yes
Suqian Economic Development Zone Finance Bureau settles subsidy payments	136,000.00				136,000.00			Yes
Development Zone	13,312,000.00				13,312,000.00			Yes

Items	Amount	Related to assets		Related to income				Is it
Economic and Trade Development Bureau (2012-2016) Income Tax Refund								
Wuhu Economic and Technological Development Zone Foreign Trade Promotion Financial Subsidy	114,800.00				114,800.00			Yes
Wuhu fourth batch of "511 industry innovation team" support funds	100,000.00				100,000.00			Yes
Central Party Committee Organization Department allocates the third batch of support funds	500,000.00				500,000.00			Yes
High-tech product rewards	50,000.00				50,000.00			Yes

Items	Amount	Related to assets		Related to income				Is it
Patent incentive	136,248.00				136,248.00			Yes
Intellectual property rewards	1,500,000.00				1,500,000.00			Yes
2016 City Science and Technology Award	30,000.00				30,000.00			Yes
2017 Patent Award of Finance Bureau of Wuhu Economic and Technological Development Zone	5,000.00				5,000.00			Yes
2017 Wuhu City Finance Bureau Treasury Payment Center City Science and Technology Bureau Grant	210,000.00				210,000.00			Yes
2017 Wuhu City Finance Bureau Treasury Payment	70,000.00				70,000.00			Yes

Items	Amount	Related to assets		Related to income				Is it
Center City Science and Technology Bureau Grant								
Wuhu Science and Technology Bureau 2016 Provincial Science and Technology Award	40,000.00				40,000.00			Yes
Wuhu Financial Treasury Payment Center	150,000.00				150,000.00			Yes
Wuhu City Social Insurance Center 2017 Development Zone Wengang Subsidy Funding	403,745.00				403,745.00			Yes
Financial Subsidy	300,000.00				300,000.00			Yes
Wuhu Economic and Technological Development	79,850.00				79,850.00			Yes

Items	Amount	Related to assets	Related to income				Is it
Zone Finance Bureau Energy Saving and Environmental Protection Financial Subsidy							
Wuhu Economic and Technological Development Zone Finance Bureau Employment Skills Appraisal Subsidy	52,650.00			52,650.00			Yes
Wuhu Economic and Trade Development Bureau Creates Strong National Standard Award	2,500,000.01			2,500,000.01			Yes
Provincial Export Credit Insurance Support	10,200.00			10,200.00			Yes

Items	Amount	Related to assets		Related to income				Is it
2016								Yes
Industrial								
Economy	100,000.00				100,000.00			
Industry								
Support Fund								
2017 Small &								Yes
Medium								
Enterprise	230,000.00				230,000.00			
subsidies in								
Sichuan								
Province								
Science Base	50,000.00				50,000.00			Yes
Funding								
Energy saving								Yes
and								
environmental	287,700.00				287,700.00			
protection								
product								
SMEs open								Yes
up market	4,591.30				4,591.30			
subsidies								
Stability	141,148.57				141,148.57			Yes
Subsidy								
Technology								Yes
Innovation	15,000.00				15,000.00			
Award Fund								
Provincial								Yes
Science and								
Technology	40,000.00				40,000.00			
Award								
Funding								
Labor	53,628.50				53,628.50			Yes

Items	Amount	Related to assets		Related to income				Is it
Employment Management Center								
Patent funding	48,000.00				48,000.00			Yes
Zhenjiang Jinshan Talents Fund	600,000.00				600,000.00			Yes
The 5th Zhenjiang Excellent Patent Award	20,000.00				20,000.00			Yes
Industrial project equipment investment subsidies	109,100.00				109,100.00			Yes
The second batch of patent grants of the Science and Technology Bureau	32,000.00				32,000.00			Yes
Comprehensive awards for technological transformation of industrial enterprises	490,000.00				490,000.00			Yes
Intellectual property	180,000.00				180,000.00			Yes

Items	Amount	Related to assets		Related to income				Is it
strategy								
promotion								
plan grant								
2016 Director								Yes
Quality	200,000.00				200,000.00			
Award								
College								Yes
graduate								
employment	492,000.00				492,000.00			
training								
subsidies								
Introduce								Yes
foreign	50,000.00				50,000.00			
intellectual								
work funds								
Support								Yes
import and	500,000.00				500,000.00			
export								
enterprises to								
develop								
subsidies								
The first								Yes
batch of	36,800.00				36,800.00			
patent grants								
in 2017								
2016								Yes
Zhengzhou	150,000.00				150,000.00			
City National								
Patent Project								
Support								
Bonus								
Zhengzhou	339,200.00				339,200.00			Yes

Items	Amount	Related to assets		Related to income				Is it
City Social Security Bureau stable Kong subsidy								
Regulatory Subsidy of Zhengzhou Economic and Technological Development Zone	11,600.00				11,600.00			Yes
Zhengzhou City Human Resources and Social Security Bureau Mayor Quality Award Subsidy	1,000,000.00				1,000,000.00			Yes
Zhengzhou Economic and Technological Development Zone Management Committee R&D Funding	1,000,000.00				1,000,000.00			Yes
Zhengzhou Economic and Technological Development	46,000.00				46,000.00			Yes

Items	Amount	Related to assets		Related to income			Is it
Zone Management Committee Patent Funding							
Instrument sharing use grant	16,800.00			16,800.00			Yes
High-tech enterprise government subsidies	135,000.00			135,000.00			Yes
Taihu New City High-tech Enterprise Subsidy	77,600.00			77,600.00			Yes
Taihu New City High-tech Enterprise Subsidy	12,000.00			12,000.00			Yes
new corporate rewards of Yinshou in 2017	100,000.06			100,000.06			Yes
Technological SMEs Technological Innovation Fund	200,000.00			200,000.00			Yes
Technology	36,497,930.5			36,497,930.50			Yes

Items	Amount	Related to assets		Related to income				Is it
Award	0							
Production of high-strength and ultra-thin aluminosilicate touch screen glass achievement conversion project based on float process	150,000.00				150,000.00			Yes
December of 2016 High-tech enterprises recognize subsidies	100,000.00				100,000.00			Yes
3D High-Permeability Super Ultra High Strength Al-Si (advanced)	300,000.00				300,000.00			Yes
Industrial Conference Award (010.011)	300,000.00				300,000.00			Yes
Sichuan Famous Brand Product	60,000.00				60,000.00			Yes
Science and	228,000.00				228,000.00			Yes

Items	Amount	Related to assets		Related to income				Is it
Technology Intellectual Property								
Science and Technology Intellectual Property	7,000.00				7,000.00			Yes
In 2017, 25 utility model patents were authorized	50,000.00				50,000.00			Yes
Patent funding	6,000.00				6,000.00			Yes
2017 stable post subsidy	91,153.00				91,153.00			Yes
2017 military and civilian integration of high-level innovation team (Qian Ying Bai Tuan)	800,000.00				800,000.00			Yes
Patent funding	8,920.00				8,920.00			Yes
Standards Implementation Project	50,000.00				50,000.00			Yes
Intellectual Property Project Funding	320,000.00				320,000.00			Yes

Items	Amount	Related to assets		Related to income				Is it
Municipal Achievements Transformation Project of 2017	200,000.07				200,000.07			Yes
Hydrogen fuel cell bus subsidy	12,500.00				12,500.00			Yes
Science and education support fund	959,438.10				959,438.10			Yes
"Si Shang" Basic Statistics Construction Grants for Enterprises	3,000.00				3,000.00			Yes
Third Quarter Purchase Position Subsidy	4,500.00				4,500.00			Yes
Recommended Directory Rewards	10,500,000.00				10,500,000.00			Yes
BRT car model subsidy	7,500,000.00				7,500,000.00			Yes
First time entry bonus	80,000.00				80,000.00			Yes
Actual special fund for 2016	12,000.00				12,000.00			Yes
Industrial	90,000.00				90,000.00			Yes

Items	Amount	Related to assets		Related to income				Is it
development guidance fund of district for 2016								
Provincial brand product award	200,000.00				200,000.00			Yes
The Social Security Bureau of Chengdu's Pidu District has allocated a stable post subsidy	22,175.20				22,175.20			Yes
The first batch of scientific research and technological innovation projects	300,000.00				300,000.00			Yes
House maintenanc e subsidy	1,546,890.81					1,546,890.81		Yes
Tax Returns	227,459,239.00				227,459,239.00			Yes
Total	407,657,894.37	83,433,890.84		7,294,595.41	315,382,517.31	1,546,890.81		

(2) Government subsidies for current period profit and loss

Items	Related to assets	Other income	Non-operating income	Reduce costs
Grant of Government Infrastructure	Related to assets	2,244,600.00		
Grant of Industry Revitalization and Technology Reconstruction Project	Related to assets	233,333.27		
Grant of Glass-tube Secondary Environment al Protection	Related to assets	5,000.00		
Technical reconstruction	Related to assets	266,666.66		
Grant of Glass Substrate Project	Related to assets	1,000,000.00		
Industry Development Fund	Related to assets	466,666.66		
Project finance discount	Related to assets	31,333.32		
Grant of Industry Revitalization and Technology Reconstruction Project	Related to assets	6,515,333.31		
2013 Provincial strategic emerging industries of special grant funds	Related to assets	333,333.31		
Technology reconstructi on Special funds	Related to assets	2,156,000.00		
Investment and Subsidies of “Double Hundred Plan” Project granted by the People's Government of Henan Province	Related to assets	200,000.00		
TFT glass substrate technology R& D fund	Related to assets	9,999.96		
TFT glass substrate project Subsidy	Related to assets	666,666.67		
Investment and Subsidies within Budget for Technological Transformation Project by National Development and Reform Commission and the Ministry of Industry and Information Technology	Related to assets	933,333.34		
TFT glass substrate project Subsidy	Related to assets	1,333,333.32		

Items	Related to assets	Other income	Non-operating income	Reduce costs
Subsidy Major Scientific and Technical Projects by Finance Bureau of Zhengzhou City	Related to assets	66,666.67		
Financial Supports for National Key Industry and Technical Transformation on Projects Granted by the Municipal Finance Bureau	Related to assets	933,333.34		
Financial Supports for National Key Industry and Technical Transformation on Projects Granted by the Municipal Finance Bureau	Related to assets	466,666.67		
Funds for Independent Innovation of Provincially Supported Enterprises	Related to assets	399,999.96		
Supporting Funds on Finance Discounts	Related to assets	133,333.32		
Funds for Education, Science and Culture Granted by the Finance Bureau	Related to assets	99,999.96		
Supporting Funds for Industrial Structure -adjusting Projects Granted by the Regional Finance Bureau	Related to assets	186,666.72		
Industry discount and expenses	Related to assets	106,666.68		
Financial discount	Related to assets	333,333.36		
Industrial restructuring project financial funds	Related to assets	320,000.04		
Special Funds for High-end Information Industry Chain Granted by the Finance Bureau of the Economic and Technological Development Zone	Related to assets	333,333.36		
2015 project equipment investment subsidies	Related to assets	2,291,600.04		
Zhengzhou City Finance Bureau in 2011 and 2012 has been the acceptance the provincial industrial structure adjustment project the second batch of funds	Related to assets	173,333.47		
Strategic emerging industry Development project funds	Related to assets	2,000,000.00		
High-tech Zone appropriated substrate project	Related to assets	426,666.68		

Items	Related to assets	Other income	Non-operating income	Reduce costs
The production line of incentive funds	Related to assets	1,506,943.40		
Special funds for 2015 scientific and technological achievements transform project	Related to assets	870,336.91		
Investment in the Central Budget of Strategic emerging Industries	Related to assets	799,999.92		
2011Key technical transformation project funds	Related to assets	99,999.97		
2011Strategic emerging industry development funds	Related to assets	114,999.97		
2012Electronic Information Industry Development Assistance Project	Related to assets	200,000.03		
Subsidies from the Bureau of Finance of the Economic and technological Development Zone	Related to assets	800,000.01		
2013Strategic emerging industry funds	Related to assets	33,333.33		
Mianyang Municipal Bureau of Finance Special funds	Related to assets	20,000.01		
Glass substrate finishing production Transformation Project	Related to assets	46,666.67		
Special fund subsidy for industrial development of municipal financial bureau	Related to assets	36,666.69		
2013 fund of strategic new industry	Related to assets	333,333.34		
2014 Provincial funds for Science and Technology	Related to assets	108,333.34		
Sichuan Province Industrial Transformation and upgrading Project 2015	Related to assets	1,449,999.98		
Special funds for Industrial Development in 2016	Related to assets	2,063,723.76		

Items	Related to assets	Other income	Non-operating income	Reduce costs
Factory building construction award 877,500	Related to assets	5,116.62		
National key R & D Program key basic Materials Technical Project subsidy	Related to assets	591,734.82		
National key R & D Program key basic Materials Technical Project subsidy	Related to assets	39,999.96		
Financial allocation for Strategic emerging Industries in Sichuan Provinc	Related to assets	306,000.00		
Technical revamping items of 300,000 production Line of Pole-less Lights Ballast	Related to assets	86,000.04		
Intelligent Engineering Laboratory of High efficiency Lighting system	Related to assets	201,666.71		
Tax return	Related to income	227,459,239.00		
High reward	Related to income	100,000.00		
Patent incentives	Related to income	18,000.00		
17 year loan discount 4.871 million	Related to income	1,672,362.23		2,071,153.06
Technology Award of year 2016	Related to income	100,000.00		
Key R&D project	Related to income	384,000.00		
Green key technological transformation project	Related to income	1,800,000.00		
Suqian Economic Development Zone Finance Bureau talent introduction special funds	Related to income	200,000.00		
Suqian Economic Development Zone Finance Bureau settles subsidy payments	Related to income	136,000.00		

Items	Related to assets	Other income	Non-operating income	Reduce costs
Development Zone Economic and Trade Development Bureau (2012-2016) Income Tax Refund	Related to income	13,312,000.00		
Wuhu Economic and Technological Development Zone Foreign Trade Promotion Financial Subsidy	Related to income	114,800.00		
Wuhu fourth batch of "511 industry innovation team" support funds	Related to income	100,000.00		
Central Party Committee Organization Department allocates the third batch of support funds	Related to income	500,000.00		
High-tech product rewards	Related to income	50,000.00		
Patent incentive	Related to income	136,248.00		
Intellectual property rewards	Related to income	1,500,000.00		
2016 City Science and Technology Award	Related to income	30,000.00		
2017 Patent Award of Finance Bureau of Wuhu Economic and Technological Development Zone	Related to income	5,000.00		
2017 Wuhu City Finance Bureau Treasury Payment Center City Science and Technology Bureau Grant	Related to income	210,000.00		
2017 Wuhu City Finance Bureau Treasury Payment Center City Science and Technology Bureau Grant	Related to income	70,000.00		
Wuhu Science and Technology Bureau 2016 Provincial Science and Technology Award	Related to income	40,000.00		
Wuhu Financial Treasury Payment Center	Related to income	150,000.00		
Wuhu City Social Insurance Center 2017 Development Zone Wengang Subsidy Funding	Related to income	403,745.00		
Wuhu Economic and Technological Development Zone Finance Bureau Energy Saving and Environmental Protection Financial Subsidy	Related to income	300,000.00		
Wuhu Economic and Technological Development Zone Finance Bureau	Related to	79,850.00		

Items	Related to assets	Other income	Non-operating income	Reduce costs
Employment Skills Appraisal Subsidy	income			
Wuhu Economic and Technological Development Zone Finance Bureau Employment Skills Appraisal Subsidy	Related to income	52,650.00		
Wuhu Economic and Trade Development Bureau Creates Strong National Standard Award	Related to income	2,500,000.01		
Provincial Export Credit Insurance Support	Related to income	10,200.00		
2016 Industrial Economy Industry Support Fund	Related to income	100,000.00		
2017 Small & Medium Enterprise subsidies in Sichuan Province	Related to income	230,000.00		
Science Base Funding	Related to income	50,000.00		
Energy saving and environmental protection product	Related to income	287,700.00		
SMEs open up market subsidies	Related to income	4,591.30		
Stability Subsidy	Related to income	141,148.57		
Technology Innovation Award Fund	Related to income	15,000.00		
Provincial Science and Technology Award Funding	Related to income	40,000.00		
Labor Employment Management Center	Related to income	53,628.50		
Patent funding	Related to income	48,000.00		
Zhenjiang Jinshan Talents Fund	Related to income	600,000.00		
The 5th Zhenjiang Excellent Patent Award	Related to income	20,000.00		

Items	Related to assets	Other income	Non-operating income	Reduce costs
Industrial project equipment investment subsidies	Related to income	109,100.00		
The second batch of patent grants of the Science and Technology Bureau	Related to income	32,000.00		
Comprehensive awards for technological transformation of industrial enterprises	Related to income	490,000.00		
Intellectual property strategy promotion plan grant	Related to income	180,000.00		
2016 Director Quality Award	Related to income	200,000.00		
College graduate employment training subsidies	Related to income	492,000.00		
Introduce foreign intellectual work funds	Related to income	50,000.00		
Support import and export enterprises to develop subsidies	Related to income	500,000.00		
The first batch of patent grants in 2017	Related to income	36,800.00		
2016 Zhengzhou City National Patent Project Support Bonus	Related to income	150,000.00		
Zhengzhou City Social Security Bureau stable Kong subsidy	Related to income	339,200.00		
Regulatory Subsidy of Zhengzhou Economic and Technological Development Zone	Related to income	11,600.00		
Zhengzhou City Human Resources and Social Security Bureau Mayor Quality Award Subsidy	Related to income	1,000,000.00		
Zhengzhou Economic and Technological Development Zone Management Committee R&D Funding	Related to income	1,000,000.00		
Zhengzhou Economic and Technological Development Zone Management Committee Patent Funding	Related to income	46,000.00		
Instrument sharing use grant	Related to	16,800.00		

Items	Related to assets	Other income	Non-operating income	Reduce costs
	income			
High-tech enterprise government subsidies	Related to income	135,000.00		
Taihu New City High-tech Enterprise Subsidy	Related to income	77,600.00		
Taihu New City High-tech Enterprise Subsidy	Related to income	12,000.00		
new corporate rewards of Yinshou in 2017	Related to income	100,000.06		
Technological SMEs Technological Innovation Fund	Related to income	200,000.00		
Technology Award	Related to income	36,497,930.50		
Production of high-strength and ultra-thin aluminosilicate touch screen glass achievement conversion project based on float process	Related to income	150,000.00		
December of 2016 High-tech enterprises recognize subsidies	Related to income	100,000.00		
3D High-Permeability Super Ultra High Strength Al-Si (advanced)	Related to income	300,000.00		
Industrial Conference Award (010.011)	Related to income	300,000.00		
Sichuan Famous Brand Product	Related to income	60,000.00		
Science and Technology Intellectual Property	Related to income	228,000.00		
Science and Technology Intellectual Property	Related to income	7,000.00		
In 2017, 25 utility model patents were authorized	Related to income	50,000.00		
Patent funding	Related to income	6,000.00		

Items	Related to assets	Other income	Non-operating income	Reduce costs
2017 stable post subsidy	Related to income	91,153.00		
2017 military and civilian integration of high-level innovation team (Qian Ying Bai Tuan)	Related to income	800,000.00		
Patent funding	Related to income	8,920.00		
Standards Implementation Project	Related to income	50,000.00		
Intellectual Property Project Funding	Related to income	320,000.00		
Municipal Achievements Transformation Project of 2017	Related to income	200,000.07		
Hydrogen fuel cell bus subsidy	Related to income	12,500.00		
Science and education support fund	Related to income	959,438.10		
"Si Shang" Basic Statistics Construction Grants for Enterprises	Related to income	3,000.00		
Third Quarter Purchase Position Subsidy	Related to income	4,500.00		
Recommended Directory Rewards	Related to income	10,500,000.00		
BRT car model subsidy	Related to income	7,500,000.00		
First time entry bonus	Related to income	80,000.00		
Actual special fund for 2016	Related to income	12,000.00		
Industrial development guidance fund of district for 2016	Related to income	90,000.00		
Provincial brand product award	Related to	200,000.00		

Items	Related to assets	Other income	Non-operating income	Reduce costs
	income			
The Social Security Bureau of Chengdu's Pidu District has allocated a stable post subsidy	Related to income	22,175.20		
The first batch of scientific research and technological innovation projects	Related to income	300,000.00		
House maintenance subsidy	Related to income		1,546,890.81	
Total		351,436,935.11	1,546,890.81	2,071,153.06

VIII. Changes of consolidation scope

1. Enterprise consolidation not under the same control

(1) Enterprise consolidation not under the same control in reporting period

In RMB '0000

Name of Acquiree	Time-point of Obtained Equity	Obtained Cost of Equity	Ratio of Obtained Equity (100%)	Method of Obtained Equity	Purchasing Date	Determination Basis on the Purchasing Date	Income of Acquire from the Purchasing Date to the End of the Period	Net Profit of Acquire from the Purchasing Date to the End of the Period
Mingshuo (Beijing) Electronic Technology Co., Ltd.	2017.5.31	5,714.29	36.36	Merger of non-identical controlled enterprises	2017.5.31	Acquisition of control	4,979.56	1,813.62
Chuanglian Huatai(HK) Co., Ltd.	2017.1.1		100.00	Merger of non-identical controlled enterprises	2017.1.1	Acquisition of control	113,622.37	1,151.02
Tianlong Huatai Industry (HK)	2017.1.1		100.00	Merger of non-identical	2017.1.1	Acquisition of control		

Co., Ltd.				controlled enterprises				
Tunghsu (Xuhua) International Equipment Co., Ltd.	2017.1.1	10.02	55.00	Merger of non-identical controlled enterprises	2017.1.1	Acquisition of control	0.13	-90.68
Shanghai Sunlong Bus Co., Ltd.	2017.10.26	300,000.00	100.00	Merger of non-identical controlled enterprises	2017.10.26	Acquisition of control	251,342.58	22,059.13
Suzhou Tengda Optics Technology Co., Ltd.	2017.7.10	11,500.00	100.00	Merger of non-identical controlled enterprises	2017.7.10	Acquisition of control	14,548.78	2,143.66
Chenzhou Hongcheng Public Transport Construction Development Co., Ltd.	2017.9.20	1,000.00	57.00	Merger of non-identical controlled enterprises	2017.9.20	Acquisition of control		-82.89
Daosui Group Engineering Co., Ltd.	2017.12.1	10,446.86	51.00	Merger of non-identical controlled enterprises	2017.12.1	Acquisition of control	31,483.86	383.06
Ningbo Xude Technology Co., Ltd.	2017.12.31	485.00	100.00	Merger of non-identical controlled enterprises	2017.12.31	Acquisition of control		

(2) Consolidation Cost and Goodwill

Items	Mingshuo (Beijing) Electronic Technology Co., Ltd.	Chuanglian Huatai (HK) Co., Ltd.	Tunghsu (Xuhua) International Equipment Co., Ltd.
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Items	Mingshuo (Beijing) Electronic Technology Co., Ltd.	Chuanglian Huatai (HK) Co., Ltd.	Tunghsu (Xuhua) International Equipment Co., Ltd.
Consolidation Cost			
--Cash	57,142,857.00		100,208.63
Total Consolidation cost	57,142,857.00		100,208.63
Less: Reduction: Obtained Definable Net Assets Fair Proportion	24,358,974.04	-722,450.89	100,208.63
Goodwill/ The Consolidation Cost is Less Than the Obtained Definable Net Assets Fair Proportion	32,783,882.96	722,450.89	

Continued

Items	Shanghai Sunlong Bus Co., Ltd.	Suzhou Tengda Optics Technology Co., Ltd.	Chenzhou Hongcheng Public transportation Construction Development Co., Ltd.
Consolidation Cost			
--Cash	400,000,000.00	115,000,000.00	10,000,000.00
—Stock	2,600,000,000.00		
Total Consolidation cost	3,000,000,000.00	115,000,000.00	10,000,000.00
Less: Reduction: Obtained Definable Net Assets Fair Proportion	668,037,422.66	32,649,807.06	-163,443.61
Goodwill/ The Consolidation Cost is Less Than the Obtained Definable Net Assets Fair Proportion	2,331,962,577.34	82,350,192.94	10,163,443.61

Continued

Items	Daosui Group Engineering Co., Ltd.	Ningbo Xude Technology Co., Ltd.
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Consolidation Cost		
--Cash	104,468,600.00	4,850,044.77
Total Consolidation cost	104,468,600.00	4,850,044.77
Less: Reduction: Obtained Definable Net Assets Fair Proportion	64,373,301.69	4,850,044.77
Goodwill/ The Consolidation Cost is Less Than the Obtained Definable Net Assets Fair Proportion	40,095,298.31	-

(3) The identifiable assets and liabilities of acquiree at purchase date

Items	Mingshuo (Beijing) Electronic Technology Co., Ltd.		Chuanglian Huatai (HK) Co., Ltd.		Tunghsu (Xuhua) International Equipment Co., Ltd.	
	Fair value on purchase date	Book value on purchase date	Fair value on purchase date	Book value on purchase date	Fair value on purchase date	Book value on purchase date
Assets:						
Monetary fund	54,255,862.44	54,255,862.44	108,530.20	108,530.20	182,640.92	182,640.92
Account receivable	4,440,598.69	4,440,598.69	33,330,248.60	33,330,248.60		
Prepayments	321,943.20	321,943.20				
Other receivable	5,752,669.26	5,752,669.26			4,294.43	4,294.43
Inventory	3,410,416.00	3,410,416.00				
Other current assets	1,080,294.42	1,080,294.42				
Holding assets for sale	3,855,435.58	3,855,435.58				
Fixed assets	1,760,577.41	1,760,577.41				
Long-term Deferred expenses	11,000.00	11,000.00				
Deferred Income tax assets	205,923.80	205,923.80				
liability:						
Short-term borrowing			33,328,948.60	33,328,948.60		
Note payable						

Account payable	2,322,343.88	2,322,343.88	690,688.59	690,688.59		
Advance Payments	897,895.40	897,895.40				
Employees' wage payable	345,332.55	345,332.55				
Tax payable	88,688.47	88,688.47				
Other account payable	2,647,520.16	2,647,520.16	141,592.50	141,592.50	4,737.84	4,737.84
Liabilities	1,805,878.96	1,805,878.96				
Net profit	66,987,061.38	66,987,061.38	-722,450.89	-722,450.89	182,197.51	182,197.51
Less: Minority Shareholders' Equity	42,628,087.34	42,628,087.34			81,988.88	81,988.88
Net assets acquired	24,358,974.04	24,358,974.04	-722,450.89	-722,450.89	100,208.63	100,208.63

Continued

Items	Shanghai Sunlong Bus Co., Ltd.		Suzhou Tengda Optics Technology Co., Ltd.		Chenzhou Hongcheng Public transportation Construction Development Co., Ltd.	
	Fair value on purchase date	Book value on purchase date	Fair value on purchase date	Book value on purchase date	Fair value on purchase date	Book value on purchase date
Assets						
Monetary fund	235,555,600.34	235,555,600.34	8,731,088.10	8,731,088.10	12,402.73	12,402.73
Note receivable			1,500,000.00	1,500,000.00		
Account receivable	2,578,312,056.65	2,578,312,056.65	65,171,356.59	65,171,356.59		
Prepayments	406,434,363.64	406,434,363.64	7,806,406.95	7,806,406.95		
Other receivable	181,210,466.43	181,210,466.43	20,349,982.54	20,349,982.54		
Inventory	831,871,533.39	831,871,533.39	40,586,493.29	40,586,493.29		
Other current assets	61,148,041.76	61,148,041.76	1,598,691.41	1,598,691.41		
Long-term receivable	73,174,230.18	73,174,230.18				
Fixed assets	183,610,503.94	198,164,537.60	16,758,823.16	17,831,581.38	1,520.00	1,520.00
Construction in	12,048,380.90	12,048,380.90				

process						
Intangible assets	53,881,160.97	266,357,509.41				
Goodwill	55,664,910.37	55,664,910.37				
Long-term deferred expenses	360,360.36	360,360.36	2,798,646.21	2,798,646.21		
Deferred Income tax assets	29,841,771.26	29,841,771.26	636,454.57	636,454.57		
Other non-current assets	5,326,414.89	5,326,414.89	806,500.00	806,500.00		
Liabilities						
Short-term loans	999,000,000.00	999,000,000.00	13,340,000.00	13,340,000.00		
Bill payable	387,643,177.69	387,643,177.69	6,100,269.12	6,100,269.12		
Account payable	2,037,681,365.52	2,037,681,365.52	88,537,976.23	88,537,976.23		
Advance Payments	96,381,493.39	96,381,493.39	4,957,127.83	4,957,127.83		
Employees' wage payable	36,836,688.89	36,836,688.89	8,767,333.19	8,767,333.19		
Tax payable	12,862,743.79	12,862,743.79	687,327.73	687,327.73		
Interest payable	5,527,791.90	5,527,791.90				
Other payable	502,746,133.86	502,746,133.86	12,074,768.60	12,074,768.60	300,665.90	300,665.90
Other current liabilities	11,471,367.51	11,471,367.51				
Long-term loans	36,000,000.00	36,000,000.00	92,130.28	92,130.28		
Long-term payable	-		449,547.27	449,547.27		
Advance liabilities	85,978,833.42	85,978,833.42				
Deferred Income	12,567,616.50	2,761,586.25				
Deferred Income tax liabilities	2,416,110.45	37,941,572.30		160,913.73		
Other non-current assets	14,600,000.00	14,600,000.00				
Net assets	466,726,472.16	668,037,422.66	31,737,962.57	32,649,807.06	-286,743.17	-286,743.17
Less: minority equity					-123,299.56	-123,299.56

Acquire net assets	466,726,472.16	668,037,422.66	31,737,962.57	32,649,807.06	-163,443.61	-163,443.61
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Items	Daosui Group Engineering Co., Ltd.		Ningbo Xude Technology Co., Ltd.	
	Fair value on purchase date	Book value on purchase date	Fair value on purchase date	Book value on purchase date
Assets				
Monetary fund	126,025,463.76	126,025,463.76	7,462,974.07	7,462,974.07
Note receivable				
Account receivable	188,413,361.49	188,413,361.49		
Prepayments	365,749,937.91	365,749,937.91		
Other receivable	447,766,660.02	447,766,660.02		
Inventory	413,198,786.80	413,198,786.80		
Holding assets for sale				
Holding assets for sale	4,501,976.84	4,501,976.84		
Holding assets for sale	209,179,000.00	209,179,000.00		
Fixed assets	64,906,264.45	82,966,648.86		
Intangible assets	3,783,127.79	78,812,315.75		
Deferred Income tax assets	50,161,327.66	50,161,327.66		
Liabilities:				
Short-term loans	212,600,000.00	212,600,000.00		
Account payable	321,338,582.94	321,338,582.94		
Advance Payments	207,351,175.73	207,351,175.73		
Employees' wage payable	56,475,492.40	56,475,492.40		
Tax payable	23,538,223.24	23,538,223.24	2,612,929.30	2,612,929.30
Interest payable	433,307.81	433,307.81		
Other payable	770,332,311.96	770,332,311.96		
Non-current liabilities due 1 year	113,879,216.18	113,879,216.18		
Other current liabilities	4,830,222.30	4,830,222.30		
Long-term loans				
Long-term payable	67,590,783.82	67,590,783.82		

Advance liabilities	38,543,627.93	38,543,627.93		
Deferred Income tax liabilities		23,272,393.10		
Net assets	56,772,962.41	126,590,141.68	4,850,044.77	4,850,044.77
Less: minority equity	28,006,422.15	62,216,839.99		
Acquire net assets	28,766,540.26	64,373,301.69	4,850,044.77	4,850,044.77

2. Business combination under the same control

(1) Business combination under the same control during the reporting period

Combined party	Proportion of the profits	Basis	Combination date	Recognition basis of combination date
Tunghsu Intelligent Technology Co., Ltd.	100.00	Controlled by Li Zhaoting The ultimate controller	November 16	Obtain a business license
Sichuan Xuhong Optoelectronic Technology Co., Ltd.	100.00	Controlled by Li Zhaoting The ultimate controller	October 26	Obtain a business license

Continued

Combined party	Income of the combined party from the beginning of the year to the date of the merger	Net profit of the combined party from the beginning of the year to the date of the merger	Income of the merged party during the comparison period	Net profit of the combined party during the period of comparison
Chengdu Intelligent Technology Co., Ltd.	264,977,513.73	-11,025,654.14	337,652,393.44	21,463,467.86
Sichuan Xuhong Optoelectronic Technology Co., Ltd.	372,820,156.08	90,116,100.98	399,663,708.85	48,839,795.67

(2) Consolidation Cost

Consolidation Cost	Chengdu Intelligent Technology Co., Ltd.	Sichuan Xuhong Optoelectronic Technology Co., Ltd.
Cash	306,972,875.98	
Stock		1,215,000,000.00

Total	306,972,875.98	1,215,000,000.00
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(3) The identifiable assets and liabilities of acquiree at purchase date

Items	Chengdu Intelligent Technology Co., Ltd.		Sichuan Xuhong Optoelectronic Technology Co., Ltd.	
	Merger date	End of previous period	Merger date	End of previous period
Assets				
Cash and bank balances	355,610,138.49	74,780,584.40	481,115,950.80	312,337,464.95
Note receivable	11,352,480.00		59,625,319.43	4,561,937.18
Account receivable	191,993,973.29	25,444,010.27	74,202,783.68	40,797,920.45
Prepayments	83,489,433.54	121,953,068.96	29,477,182.50	4,530,190.92
Other receivable	12,174,795.73	589,122,941.59	1,671,672.24	480,254.90
Inventory	133,572,959.11	119,023,757.46	107,053,000.32	113,060,871.53
Non current assets within 1 year				2,106,800.00
Other current assets	16,704,181.05	26,940,148.89	14,480,087.51	16,115,775.94
Long-term equity investment	155,434.20	155,434.20		
Fixed assets	383,639,274.79	418,741,360.61	1,502,953,441.50	1,594,982,280.33
Construction in process			4,104,898.30	106,153.85
Intangible assets	14,085,220.04	14,379,218.91	60,356,788.89	61,117,117.65
Development expenditure	10,391,492.54	-		
Long-term deferred expenses	388,377.28	566,383.57		
Deferred Income tax assets	1,155,033.21	1,134,538.21	75,770.65	69,250.83
Other non-current assets			36,621,771.48	83,861,823.78
Liabilities:				
Short- term loans	15,000,000.00	15,000,000.00	40,000,000.00	47,800,000.00
Notes payable	10,979,108.65	11,663,814.69		42,291,009.80
Account payable	90,338,578.66	35,168,040.49	10,795,330.24	16,037,074.57
Advance Payments	37,154,107.32	29,241,055.76	4,837,451.47	27,375.80
Employees' wage payable	2,450,626.57	2,436,459.51	4,118,462.89	3,135,780.69
Tax payable	127,333.20	218,137.77	328,920.80	2,973,384.23
Interest payable	37,589,537.21	9,909,361.13		1,836,031.37
Other payable	9,642,456.46	57,234,269.64	1,504,149.14	5,795,724.93

Non-current liabilities due 1 year	280,000,000.00	210,000,000.00	85,331,638.89	317,275,295.44
Other current liabilities	612,000.00	611,999.96		
Long-term loans	450,000,000.00	730,000,000.00		590,000,000.00
Long-term payable			917,979,750.00	
Deferred Income	6,862,391.20	5,775,999.98	84,711,689.26	74,940,991.85
Net assets	273,956,654.00	284,982,308.14	1,222,131,274.61	1,132,015,173.63
Less: minority equity				
Acquire net assets	273,956,654.00	284,982,308.14	1,222,131,274.61	1,132,015,173.63

3. Sub-subsidiary increased due to new establishment in this period

On April 26, 2017, Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd. and Changsha Shunyan Management Firm (limited partnership) and Liu Xuehua jointly set up Hunan Tunghsu Wei Sheng Intelligent Technology Co., Ltd, with the registered capital of RMB 50 million, of which Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd subscribed RMB 25.5 million, Changsha Shunyan Administration Enterprise (LP) Subscribed RMB 17 million and Liu Xuehua subscribed RMB 7.5 million, and the paid-up capital was RMB 50 million;

On April 26, 2017, the subsidiary-Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd and Liu Haijun and Liao Shaoye jointly set up Hunan Tunghsu Deilai Electronic Technology Co., Ltd, With the Registered capital of RMB 50 million, of which Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd. subscribed RMB 25.5 million, Liu Haijun Subscribed RMB 17 million and Liao Shaoye subscribed RMB 7.5 million, and the paid-up capital was RMB 50 million;

On April 18, 2017, the subsidiary- Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd, Changsha Wenchao Administration Enterprise (LP) and Ning Yongchao jointly set up Wuhu Tunghsu Weiyu Medical apparatus Technology Co., Ltd, the Registered capital of RMB 100 million, of which Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd subscribed RMB 51 million, Changsha Wenchao Administration Enterprise (LP) subscribed RMB 34 million and Ning Yongchao subscribed RMB 15 million, and the paid-up capital was RMB 100 million;

On April 26, 2017, Wuhu Tunghsu Weiyu Medical apparatus Technology Co., Ltd set up wholly owned subsidiary Hunan Tunghsu Weigao Medical apparatus Technology Co., Ltd, The Registered capital of RMB 20 million, and the paid-up capital was RMB 20 million.

On June 6, 2017, Wuhu Tunghsu Weiyu Medical apparatus Technology Co., Ltd, set up a wholly-owned subsidiary-Shandong Qi Hui Medical apparatus Technology Co., Ltd, with the registered capital of RMB 20 million and the paid-up capital of RMB 17 million.

On June 29, 2017, Wuhu Tunghsu Weiyu Medical apparatus Technology Co., ltd, set up a wholly-owned subsidiary-Guangdong Tunghsu Weiyu Medical apparatus Technology Co., ltd, with the registered capital of RMB 20 million and the paid-up capital of RMB 5 million.

On September 20, 2017, Suzhou Tengda Optics Technology Co., ltd, set up a wholly-owned subsidiary-Chongqing Xufu Optoelectronic Technology Co., ltd, with the registered capital of RMB 20 million and the paid-up capital of RMB 20 million.

On September 22, 2017, Chenzhou Hongsheng Public Transport Construction and Development Co., Ltd. and Chenzhou Wanli Construction Investment Co., Ltd. jointly established Chenzhou Xuhong Transportation and Transportation Construction Co., Ltd., with the registered capital of RMB 70 million and the paid-up capital of RMB30 million.in which Chenzhou Hongsheng Public Transport Construction and Development Co., Ltd. holds 90% of the equity.

On December 5, 2017, Shanghai Sunlong Bus Co., ltd, set up a wholly-owned subsidiary-Zhangjiakou Sunlong New Energy automobile sale Co., ltd, with the registered capital of RMB 1 million and the paid-up capital of RMB 0.00 million.

On December 11, 2017, Shanghai Sunlong Bus Co., ltd, set up a wholly-owned subsidiary-Mianyang Xulong Shenan New Energy automobile sale Co., ltd, with the registered capital of RMB 2 million and the paid-up capital of RMB 0.00 million.

On September 5, 2017,Wuhu Tunghsu Optoelectronic Equipment Technology Co., ltd, set up a wholly-owned subsidiary-Zhejiang Xuheng Yongxin Intellitgence Technology Co., ltd, with the registered capital of RMB 100 million and the paid-up capital of RMB 0.00 million.

On July 3,2017, Wuhu Tunghsu Weiyu Medical Instruments Technology Co., Ltd. et up a wholly-owned subsidiary-Anhui Weiwang Medical Instruments Technology Co., Ltd , with the registered capital of RMB 20 million and the paid-up capital of RMB 14 million.

On July 5,2017, Wuhu Tunghsu Weiyu Medical Instruments Technology Co., Ltd. et up a wholly-owned subsidiary-Liaoning Tunghsu Weiyu Medical Instruments Co., Ltd , with the registered capital of RMB 20 million and the paid-up capital of RMB 5 million.

On July 12,2017, Wuhu Tunghsu Weiyu Medical Instruments Technology Co., Ltd. et up a wholly-owned subsidiary-Guangxi Tunghsu Weiyu Medical Instruments Co., Ltd , with the registered capital of RMB 20 million and the paid-up capital of RMB 0.00 million.

On August 15,2017, Wuhu Tunghsu Weiyu Medical Instruments Technology Co., Ltd. et up a wholly-owned subsidiary-Sichuan Tunghsu Weiyu Medical Instruments Co., Ltd , with the registered capital of RMB 20 million and the paid-up capital of RMB 1 million.

On August 23, 2017, Wuhu Tunghsu Weiyu Medical Instruments Technology Co., Ltd. set up a wholly-owned subsidiary-Shijiazhuang Tunghsu Weiyu Medical Instruments Co., Ltd., with the registered capital of RMB 20 million and the paid-up capital of RMB 6 million.

On September 1, 2017, Wuhu Tunghsu Weiyu Medical Instruments Technology Co., Ltd. set up a wholly-owned subsidiary-Shanxi Tunghsu Huatai Medical Instruments Co., Ltd., with the registered capital of RMB 20 million and the paid-up capital of RMB 2 million.

On September 6, 2017, Wuhu Tunghsu Weiyu Medical Instruments Technology Co., Ltd. set up a wholly-owned subsidiary-Nei Monggol Taixu Weiyu Medical Technology Co., Ltd., with the registered capital of RMB 20 million and the paid-up capital of RMB 1 million.

On September 8, 2017, Wuhu Tunghsu Weiyu Medical Instruments Technology Co., Ltd. set up a wholly-owned subsidiary-Hubei Fengyuan Kaijun Medical Instruments Co., Ltd., with the registered capital of RMB 20 million and the paid-up capital of RMB 1 million.

On September 15, 2017, Wuhu Tunghsu Weiyu Medical Instruments Technology Co., Ltd. set up a wholly-owned subsidiary-Henan Weiwang Medical Instruments Co., Ltd., with the registered capital of RMB 20 million and the paid-up capital of RMB 4 million.

On December 11, 2017, Wuhu Tunghsu Weiyu Medical Instruments Technology Co., Ltd. set up a wholly-owned subsidiary-Jiangsu Tunghsu Jingwei Medical Instruments Co., Ltd., with the registered capital of RMB 20 million and the paid-up capital of RMB 0.00 million.

On December 19, 2017, Hunan Tunghsu Weigaoyu Medical Instruments Technology Co., Ltd. set up a wholly-owned subsidiary-Hainan Ruiqiong Medical Instruments Technology Co., Ltd., with the registered capital of RMB 20 million and the paid-up capital of RMB 1 million.

On October 17, 2017, Hunan Tunghsu Delai Electronic Technology Co., Ltd. set up a wholly-owned subsidiary-Wuhan Xude Hongrui New Energy Automobile Co., Ltd., with the registered capital of RMB 10 million and the paid-up capital of RMB 10 million.

IX. Equity in other entities

1. Equity in subsidiary

(1) The structure of the enterprise group-Subsidiary

Name of Subsidiary	Main Places of Operation	Registration Place	Nature of Business	Shareholding Ratio (%)		Obtaining Method
				direct	indirect	
Shijiazhuang Colour Bulb Co., Ltd.	Shijiazhuang	9 Huanghe Road, Shijiazhuang High-tech Industrial Development	Photoelectric display	81.26		Establish

	g	Area, Shijiazhuang, Hebei Province	material			
Wuhu Tunghsu Optoelectronic Technology Co., Ltd.	Wuhu	No.36, Daowei 2 Road, Wanchun Street , Wuhu Economy Technology Development Zone	Photoelectric display material	100.00		Establish
Wuhan Tunghsu Optoelectronic Technology Co., Ltd.	Wuhan	1/F, No.2 Business tower, Huazhong Shuguang Software park, No.1Guanshan Road,Donghu Development Zone, Wuhan	Photoelectric display material	100.00		Establish
Beijing Xufeng Real Estate Co., Ltd.	Beijing	Room C17, Building 1, No.10, Xinghuo Road, Technology City, Fengtai District, Beijing	Real estate Development	100.00		Establish
Tunghsu (Kunshan) Display Material Co., Ltd.	Kunshan	Room 1517, Building 1 (International Building), No. 167, Qianjin Middle Road, Suzhou City, Jiangsu Province	Photoelectric display material	88.89		Establish
Zhengzhou Xufei Optoelectronic Technology Co., Ltd.	Zhengzhou	66,No 3 Jingnan Road, Econornic & Technology Development Zone, Zhengzhou	Photoelectric display material	100.00		Control combination
Shijiazhuang Xuxin Optoelectronic Technology Co.,Ltd.	Shijiazhuang	No.69,Tianshan Street, High-tech Area, Shijiazhuang, Hebei	Photoelectric display material	100.00		Control combination
Beijing Xutan New Material Technology Co., Ltd.	Beijing	N0.1198, 689 Builing, No.5, Zhongguan Village South Street, Haiding District, Beijing	Industrial application of graphene	70.00		Establish
Jiangsu Jixing New Material Co., Ltd.	Jiangsu	New Material Industry Zone, Youfang Town, Yangzhong City	Photoelectric display material	100.00		Non control combination
Beijing Tunghsu Huaqing Investment Co., Ltd.	Beijing	1201-E18(Area)12/F,No.1, 6-3 Building, Autornobile Museum East Road, Fengtai District, Beijing	Investment	70.00		Establish

Fuzhou Tunghsu Optoelectronic Technology Co., Ltd.	Fuzhou	(072) Room 109, Supervision Building, Processing trade Free zone, Fuzhou, Fujian. (No.9, Xinjiang Road, Xincuo Town, Fuqing City)	Photoelectric display material	87.25	12.75	Establish
Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd.	Wuhu	Room 302, A floor, Management Committee of Jiangbei Industry Zone, Anhui Prov	Equipment and technical services	100.00		Establish
Shanghai Tanyuan Huigu New Material Technology Co., Ltd.	Shanghai	Room 02, 2/F, No.3 Building, No.28, Jiangcchuan East Road, Minhang District, Shanghai	Industrial application of graphene	50.50		Non control combination
Shenzhen Xuhui Investment Co., Ltd.	Shenzhen	Room 201, A building, No.1, Qianwan Road, Qianhai Shenzhen-Hongkong Cooperation Zone, Shenzhen	Investment	100.00		Establish
Xuyou Electronic Material Technology (Wuxi) Co., Ltd.	Wuxi	No. 61 Xinmei Road, Xinwu District, Wuxi	Photoelectric display material	51.00		Establish
Tunghsu Construction Group Co., Ltd.	Sichuan	No.21, 15 Building, No.181, Erhuan Road, Jinniu District, Chengdu	Building Installing	100.00		Non control combination
Shanghai Sunlong Bus Co., Ltd.	Shanghai	A, No.2898, Huaning Road, Minhang District, Shanghai	New Energy Automobile	100.00		Non control combination
Sichuan Xuhong Optoelectronic Technology Co., Ltd.	Mianyang	No.177, Fubin North Road, Economic Development Zone, Mianyang	Photoelectric display material	100.00		Control combination

Notes: According to the signed agreement, Taizhou Tunghsu Graphene Industry Investment Fund Management Center (limited partnership) sets up the investment decision committee as the highest decision-making organ, which is responsible for making decisions on project investment, disinvestment and other matters. The investment decision committee is made up of five committee members. Wherein, the general partner Beijing Tunghsu Huaqing Investment Co., Ltd. appoints 2 members, the limited partner Tunghsu Photo-electricity Technology Co., Ltd. appoints 1 member and the other 2 members are appointed through social recruiting. The limited partner Taizhou Jintaiyang Energy Co., Ltd. doesn't appoint members. And the chairman of committee shall be assumed by the representative of general partner. The decisions will be valid with the consent of the majority of committee members (4 votes and above), and the chairman of investment committee has the one-vote veto. As the executive partner, the general partner Beijing Tunghsu Huaqing Investment Co., Ltd. assumes unlimited, joint liabilities for the limited partnership's debts. As the posterity limited partner, Tunghsu Photo-electricity Technology Co., Ltd. bears responsibilities for the limited partnership's debts with its subscribed investment. And Taizhou Jintaiyang Energy Co., Ltd., as the priority limited partner, assumes responsibilities for the limited partnership's debts with its subscribed investment.

(3) Significant not wholly owned subsidiary

Name of Subsidiary	Shareholding Ratio of Minority Shareholders (%)	Profit or Loss Owned by the Minority Shareholders in the Current Period	Dividends Distributed to the Minority Shareholders in the Current Period	Equity Balance of the Minority Shareholders in the End of the Period
Fuzhou Xufu Optoelectronic Technology Co., Ltd..	40	2,045.59		14,071.85
Daosui Group Engineering Co., Ltd.	49	187.25		6,599.54
Xuyou Electronic Material Technology (Wuxi) Co., Ltd.	49	-842.31		53,113.33
Shanghai Tanyuan Huigu New Material Technology Co., Ltd.	49.5	1,179.45		5,323.49
Tunghsu (Kunshan) Display Material Co., Ltd.	11.11	-10.20		9,978.54

(3) The main financial information of significant not wholly owned subsidiary

In RMB'0000

Name	Year-end balance					
	Current assets	Non current assets	Total assets	Current Liabilities	Non current liabilities	Total liabilities
Fuzhou Xufu Optoelectronic Technology Co., Ltd..	64,670.96	42,386.27	107,057.23	60,113.52	18,800.00	78,913.52
Daosui Group Engineering Co., Ltd.	170,323.54	21,292.83	191,616.37	165,202.03	12,983.26	178,185.28
Xuyou Electronic Material Technology (Wuxi) Co., Ltd.	43,106.71	81,479.89	124,586.60	16,192.05	-	16,192.05
Shanghai Tanyuan Huigu New Material Technology Co., Ltd.	2,987.79	8,453.46	11,441.25	647.76	38.96	686.72
Tunghsu (Kunshan) Display Material Co., Ltd.	52,933.56	50,676.76	103,610.32	13,803.49	-	13,803.49

Continued

Name	Year-beginning balance					
	Current	Non	Total assets	Current	Non current	Total liabilities

	assets	current assets		Liabilities	liabilities	
Xuyou Electronic Material Technology (Wuxi) Co., Ltd.	71,599.83	1,947.62	73,547.45	145.00		145.00
Shanghai Tanyuan Huigu New Material Technology Co., Ltd	2,307.79	7,626.99	9,934.78	1,521.67	41.33	1,563.00
Tunghsu (Kunshan) Display Material Co., Ltd.	38,056.64	15,327.12	53,383.76	3,525.94	0.00	3,525.94

Continued

Name	Amount of current period			
	Business income	Net profit	Total Comprehensive income	Cash flows from operating activities
Fuzhou Xufu Optoelectronic Technology Co., Ltd..	43,161.44	4,129.03	4,129.03	-7,206.48
Daosui Group Engineering Co., Ltd.	31,483.86	383.06	383.06	6,513.90
Xuyou Electronic Material Technology (Wuxi) Co., Ltd.	263.16	-1,719.00	1,719.00	-6,604.79
Shanghai Tanyuan Huigu New Material Technology Co., Ltd.	1,717.17	2,382.73	2,382.73	657.59
Tunghsu (Kunshan) Display Material Co., Ltd.	8,117.36	-50.99	-50.99	-2,559.95

Continued

Name	Amount of previous period			
	Business income	Net profit	Total Comprehensive income	Cash flows from operating activities
Xuyou Electronic Material Technology (Wuxi) Co., Ltd.		-1,462.11	-1,462.11	-227.38
Shanghai Tanyuan Huigu New Material Technology Co., Ltd.	123.27	546.22	546.22	1,891.10
Tunghsu(Kunshan)Display Material Co., Ltd.		-141.66	-141.66	-1,433.36

2. Equity in joint venture arrangement or associated enterprise

(1) Significant associated enterprise

Name	Main operating place	Registration place	Business nature	Proportion		Accounting treatment of the investment of joint venture or associated enterprise
				Directly	Indirectly	
Tunghsu Group Finance Co., Ltd.	Hebei	Shijiazhuang, Hebei	Finance services	40.00		Equity method accounting

(2) Key financial information of significant associated enterprise

In RMB'0000

Items	Year-end balance/Amount of current period	Year-beginning balance/Amount of previous period
	Tunghsu Group Finance Co., Ltd.	Tunghsu Group Finance Co., Ltd.
Total of Assets	1,258,985.66	
Total of Liability	757,970.10	
Minority Shareholders' Equity		
Shareholders' equity attributable to shareholders of the parent Company	501,015.55	
Pro rata share of the net assets calculated	200,406.22	
Adjustment events		
—Goodwill		
—Unrealized profits from internal transactions		
—Other		
The book value of equity investments in associated enterprise	200,406.22	
Fair value of equity investment of associated enterprises with open quotation		
Business income	12,328.27	
Net profit	1,015.55	
Net profit attributable to parent company	1,015.55	
Net profit from termination		
Other comprehensive income		
Total comprehensive income	1,015.55	

Dividends received from associates during the year		
--	--	--

(3) The situation of new joint ventures in this period

On January 5, 2017, Tunghsu Group Co., Ltd. and Tunghsu Optoelectronics Technology Co., Ltd. co-funded the establishment of Tunghsu Group Finance Co., Ltd. with a registered capital of RMB 5000 million, of which Tunghsu Group Co., Ltd. contributed RMB 3000 million and Tunghsu Optoelectronics Technology Co., Ltd. contributed RMB2000 million.

(4) Summary financial information of insignificant associated enterprise

In RMB'0000

Items	Closing balance/This period	Opening balance/Last period
Associated enterprise:		
Total book value of investment	12,642.25	7,235.48
The total number of the following		
—Net profit	60.10	-7.14
—Other comprehensive income		
—Total comprehensive income	60.10	-7.14

X. The risk related financial instruments

The Company faces a variety of financial risks in the course of operation: credit risk, market risk and liquidity risk. The Business Management Department of the Company management is fully responsible for the determination of risk management objectives and policies, and assumes the ultimate responsibility for the risk management objectives and policies. The Business Management Department of the Company reviews the effectiveness of the performed programs as well as the rationality of risk management objectives and policies through monthly work statement submitted by the Functional Department.

The objective of the Company's engagement in risk management is to obtain a proper balance between the risks and benefits, reduce the risks' negative impact on the Company's operating performance to the lowest level and maximize the interests of shareholders and other equity investors. Based on the risk management objectives, the basic strategy of the Company's risk management is to identify and analyze the risks faced by the Company, establish appropriate baseline of risk tolerance, conduct risk management as well as timely and reliably supervise various risks to control the risks within a limited range.

1. Credit Risk

Credit risk refers to the financial loss risk of the other Party if one Party of financial instruments fails to perform its obligations. The Company mainly faces customer credit risk caused by the credit sale. The Company would make an evaluation on new customers' credit risk before signing new contracts, which includes external credit rating and bank reference letter (when available) under certain circumstances. The Company sets quota on credit sale for each customer and such quota is the maximum amount without additional approvals.

The company ensures that the company's overall credit risk is within a manageable range through quarterly audits of existing customer credit ratings and monthly audits of accounts receivable aging analysis. In monitoring the customer's credit risk, according to the customer's credit characteristics of its

grouping. Customers who are rated as "high risk" will be placed on the restricted customer list and the company will be able to credit it in the next period, subject to additional approval, otherwise it must be required to pay the corresponding payment in advance.

2. Market Risk

The market risk of financial instruments refers to the risk that the fair value or future cash flow of the financial instruments would fluctuate due to the market price changes, which includes interest rate risk, foreign exchange risk and other price risks.

(1) Interest Rate Risk

Interest rate risk refers to the risk that the fair value or future cash flow of the financial instruments would fluctuate due to the market price changes. The interest rate risk faced by the Company mainly comes from short-term bank loans. The Company meets various short-term financing needs through establishing good bank-enterprise relationship as well as reasonably designing credit line, credit type and credit term to guarantee the sufficient bank credit line. In addition, the Company also reasonably reduces the fluctuation risk of interest rate by shortening the term of single loan and performing specially agreed prepayment term.

(2) Foreign Exchange Risk

Foreign exchange risk refers to the risk that the fair value or future cash flow of the financial instruments would fluctuate due to the market price changes. The Company would match the foreign currency incomes and expenses as far as possible to reduce the foreign exchange risk. On account of the small proportion of foreign financial assets and liabilities in the total assets, there's no forward foreign exchange contract or currency swap contract signed by the Company in 2016-June 2017.

The foreign exchange risk faced by the Company mainly comes from the financial assets and financial liabilities priced by US dollar, Yen and Euro. The exchanged RMB amounts of foreign financial assets and foreign financial liabilities are presented as below:

Items	2017.12.31	Exchange rate	2017.12.31
	Balance of foreign currency		Balance of RMB Conversion
Monetary fund			
Including: USD	15,245,704.88	6.5342	99,618,484.80
Euro	12,496.74	7.8023	97,503.31
HKD	4,699.94	0.8359	3,928.67
JPY	6,866,488,722.00	0.0579	397,452,966.74
GBP	2,277.81	8.7792	19,997.35
Account receivable			
Including: USD	22,586,945.53	6.5342	147,587,619.48
Euro	2,541.82	7.8023	19,832.04
HKD	12,473,316.01	0.8359	10,426,444.85
JPY	1,756,333,225.00	0.0579	101,661,836.06
Other receivable			

Including: USD	1,386,064.36	6.5342	9,056,821.74
TWD	2,022,309.00	0.2199	444,705.75
Account payable			
Including: USD	32,757,014.92	6.5342	214,040,886.89
Euro	3,409.80	7.8023	26,604.28
HKD	3,677,619.02	0.8359	3,074,158.52
JPY	901,268,920.00	0.0579	52,168,148.89
Long-term loans			
Including: USD			
Short-term loan			
Including: USD	4,234,073.00	6.5342	27,666,279.80

XI. Disclosure of fair value**XII. Related party and related party transactions****1. Parent company information of the enterprise**

Name	Registered address	Nature	Registered capital	The parent company of the Company's shareholding direct ratio %	The parent company of the Company's shareholding indirect ratio%	The parent company of the Company's vote ratio	Final controlling party
Tunghsu Group	No.369, Zhujiang Road, High-tech zone, Shijiazhuang	Investment , production and R & D, etc.	21.8billion	15.90	5.88	21.78	Li Zhaoting

During the reporting period, the following changes in the real-up capital of the parent company:

Items	Beginning of term	Increase	Decrease	End of term
Paid in capital	16,800,000,000.00	5,000,000,000.00		21,800,000,000.00

2. Subsidiaries of the Company

See details to Notes vii

Situation of the enterprise subsidiaries refer to the Notes.

3. Other Related parties information of the enterprise

Other Related parties name	Relation of other Related parties with the company	Organization code
Tunghsu Technology Group Co., Ltd.	The shareholders of the company	91110000071714158D
Tunghsu Optoelectronic Investment Co., Ltd.	Controlled by the same actual controller	91110105689202170Q
Shijiazhuang Baoshi Electronic vacuum Glass Co., Ltd.	Controlled by the same actual controller	130101000014629
Shijiazhuang Baoshi Large-diameter plastic tube Co., Ltd.	Controlled by the same actual controller	91130101700820907N
Shijiazhuang Baoshi Zhonghe Steel Plastic Shape Co., Ltd.	Controlled by the same actual controller	130101000001995
Shijiazhuang Baoshi Xuming Tube Co., Ltd.	Controlled by the same actual controller	130100400002291
Shijiazhuang Baodong Electronic Co., Ltd.	Controlled by the same actual controller	130100400005474
Hebei Baoshi Lighting Co., Ltd.	Controlled by the same actual controller	130101000013003
Tunghsu (Yingkou) Optoelectronic Display Co., Ltd.	Controlled by the same actual controller	91210800574298993Q
Jinhou Xulong Solar energy Technology Co., Ltd.	Controlled by the same actual controller	912107005613757856
Shijiazhuang Bofa Mechanical Equipment Co., Ltd.	Controlled by the same actual controller	91130100665291535C
Hebei Decoration Printing Machine Co., Ltd.	Controlled by the same actual controller	911301002360462242
Hebei Decoration Printing Machine Co., Ltd.	General Manager: Li Zhaotin	91510100689036600F
Shijiazhuang Xuling Electronic Technology Co., Ltd.	Controlled by the same actual controller	130100000384005
Shijiazhuang Baoshi Electronic Group Co., Ltd.	Controlled by the same actual controller	130101000003909
Tibet Financial Leasing Co., Ltd.	Controlled by the same actual controller	915400913213701251
Tunghsu Group Finance Co., Ltd.	Joint venture of the company	91130100MA085XC83H

Yinchuan Fengxiang Street Underground integrated Management Co., Ltd.	Parent company's associated company	91640100MA75YKYHX4
Yixian Xuhua Park Construction Development Co., Ltd.	Controlled by the same actual controller	91130633MA07PUAR6Y
Guangdong Huakai Real estate Development Co., Ltd.	Controlled by the same actual controller	914406065572738152
Li Qing	The spouse of the actual controller	
Kunming Tunghsu Qiming Investment Development Co., Ltd.	Controlled by the same actual controller	MA6KFXAR-2

4. Related transactions.

(1) Related transactions on purchasing goods and receiving services

Related parties	Content of related transaction	Amount of current period	Amount of previous period
Baoshi Group	Energy	792,773.07	931,595.85
Baoshi Group	Security fees	630,779.00	2,500,000.00
Shijiazhuang Baoshi Zhonghe Steel Plastic Shape Co., Ltd.	Door	289,743.58	259,246.66
Shijiazhuang Bofa Mechanical Equipment Co., Ltd.	Machining part and A frame	568,390.00	36,403,672.64
Hebei Baoshi Lighting Co., Ltd.	Lamps		9,743.59
Tunghsu Technology Group Co., Ltd.	Service charges		8,000.00
Tunghsu (Yingkou)Optoelectronic Display Co., Ltd.	Glass substrate		
Total		1,650,906.65	40,112,258.74

(2)Related transactions on sale goods and receiving services

Related parties	Content of related transaction	Related party transaction's pricing method and decision-making procedure	Amount of current period	Amount of previous period
Chengdu Zhong Optoelectronic Technology Co., Ltd.	Glass substrate semi-finished product	Reference market price		3,106,153.76
Chengdu Zhong Optoelectronic Technology Co., Ltd.	Parts	Reference market price	1,851,454.70	
Chengdu Zhong Optoelectronic Technology Co., Ltd.	Traction roll project	Reference market price		188,888.89
Tibet Finance Leasing Co., Ltd.	Graphene	Reference market price	5,115.39	34,102.56

Chengdu Zhongpu Technology Co., Ltd.	Building service	Reference market price		278,598.46
Chengdu Zhongpu Technology Co., Ltd.	Efficient light bulb	Reference market price		380,277.77
Chengdu Zhong Optoelectronic Technology Co., Ltd.	Efficient light bulb	Reference market price		79,907.00
Yinchuan Fengxxiang Street Comprehensive Contruction Management Co., Ltd.	Construction Engineering	Reference market price	336,755,509.90	
Yixian Xuhuayuan Park Construction Development Co., Ltd.	Construction Engineering	Reference market price	41,574,488.29	
Shijiazhuang Bofa Mechanical Equipment Co., Ltd	A frame	Reference market price	7,285,897.44	
Ningxia Xutang New Material Technology Co., Ltd.	Sale material	Reference market price	11,964.11	
Kunming Tunghsu Qiming Investment Development Co., Ltd.	Construction Engineering	Reference market price	57,628,263.37	
Jinzhou Xulong New Material \Co., Ltd.	Construction Engineering	Reference market price	2,334,172.94	
Guangdong Huakai Real estate Development Co., Ltd.	Construction Engineering	Reference market price	50,231,982.84	
Tunghsu Lantian New Energy Co., Ltd.	Construction Engineering	Reference market price	34,102.56	
Tunghsu Technology Group	Efficient light bulb	Reference market price	5,384.62	20,854.70
Tunghsu Group	Sale Equipment	Reference market price	20,085,470.09	
Tunghsu Group	Sale Lamps	Reference market price	8,717.94	
Tunghsu (Yingkou) Optoelectronic Display Co., Ltd.	Sale material	Reference market price	142,157.94	
Tunghsu (Yingkou) Optoelectronic Display Co., Ltd.	Semi-manufacture	Reference market price	28,400,845.22	
Tunghsu (Yingkou) Optoelectronic Display Co., Ltd.	semi-manufacture	Reference market price	8,432,739.00	
Tunghsu (Yingkou) Optoelectronic Display Co., Ltd.	A frame	Reference market price	7,628,205.13	
Total			562,416,471.48	4,088,783.14

(3) Related trusteeship or contracting

During the reporting period, the Company continued entrusted with the management of Tunghsu(Yingkou) Optoelectronic Display Co., Ltd.

In December 2011, Tunghsu Group signed the Equity Trusteeship Agreement with the Company, of which 60% share rights of Tunghsu (Yingkou) Optoelectronic Display Co., Ltd., 51% share rights of Sichuan Xuhong Optoelectronic Technology Co., Ltd. were entrusted by the Company, where the agreement went into effect as of March 2012. The clients paid the Company 500 thousand RMB of management fee per year for each subject.

See details in the table below:

Name of Clients/Contractee	Name of Trustee/Contractee	Type of Entrusting Asset/Contracting Asset	Starting Date of Entrusting /Contracting	Expiration Date of Entrusting /Contracting	Confirmed Entrusting /Contracting Fee at the Current Period
Tunghsu Group, Yingkou Coastal Development Construction Co., Ltd. Minmetals (Yingkou) Industrial Park Development Co., Ltd.	Tunghsu Optoelectronic Technology Co., Ltd.	Management Right of Tunghsu (Yingkou) Optoelectronic Display Co., Ltd.	January 2011	Notes 1	1,500,000.00
Tunghsu Group	Tunghsu Optoelectronic Technology Co., Ltd.	Management Right of Sichuan Xuhong Optoelectronic Technology Co., Ltd.	March 2012	Notes 2	500,000.00
Total					2,000,000.00

Notes 1: Trusteeship costs include basic management fees and incentive management fees (0.5 million/years), including basic management fee of 1 million per year, incentive management fees per year managed company with net operating profit after tax of 5% calculation (Base incentive management fees deduct prior years' losses)

Notes 2: Trusteeship costs include basic management fees and incentive management fees (0.5 million/years), including basic management fee of 1 million per year, incentive management fees per year managed company with net operating profit after tax of 5% calculation.

Notes 3: On April 20, 2016, Tunghsu (Yingkou) Optoelectronic Display Co., Ltd, upon the approval by general shareholders' meeting, amended the Article of Association, thus the stake of Tunghsu (Yingkou) Optoelectronic Display Co., Ltd held by Tunghsu Group was changed to 47.8% from 60%.

(4) Fund settlement business

As approved by the shareholders' meeting of the company, the company and Tunghsu Group Finance Co., Ltd. (hereinafter referred to as "Tunghsu Finance Company") carry out partial fund settlement business. As of December 31, 2017, the situation of fund settlement of the company and its subsidiaries and Tunghsu Finance Company is as follows:

Item Name	Initial Balance	Increase in the current period	Decrease in the current period
1. Deposits deposited in Tunghsu Finance Company		31,079,905,096.34	25,241,672,541.33
2. Acceptance bills deposited with Tunghsu Finance Company			
3. Acceptance bills issued by entrusting Tunghsu Finance Company			

4. Bill Discounting to Tunghsu Finance Company			
5. Borrowing from Tunghsu Finance Company			
6. Non-recourse factoring of receivables handled by Tunghsu Finance Company			

Continued:

Items	Year-end balance	Interest payable
I. Deposits deposited in Tunghsu Finance Company	5,838,232,555.01	112,887,618.90
2. Acceptance bills deposited with Tunghsu Finance Company		
3. Acceptance bills issued by entrusting Tunghsu Finance Company		
4. Bill Discounting to Tunghsu Finance Company		
5. Borrowing from Tunghsu Finance Company		
6. Non-recourse factoring of receivables handled by Tunghsu Finance Company		

5. Payables and receivables of the related party

(1) Receivable

Name	Related party	Amount at year end		Amount at year beginning	
		Balance of Book	Bad debt Provisi on	Balance of Book	Bad debt Provisi on
Account receivable	Chengdu Zhong Optoelectronic Technology Co., Ltd	629,722.60			
Account receivable	Hebei Baoshi Energy saving lighting technology Co., Ltd.	43,600.00		517,889.00	
Account receivable	Tunghsu (Yingkou) Optoelectronic Display Co., Ltd.	39,196,618.33			
Account receivable	Guangdong Huakai Real Estate Development Co., Ltd.	19,184,644.15			
Account receivable	Jinzhou Xulong New Material Co., Ltd.	2,449,198.07			
Account receivable	Kunming Tunghsu Qiming Investment Development Co., Ltd.	29,110,261.39			
Account receivable	Yinchuan Fengxiang Street Comprehensive Construction Management Co., Ltd.	173,363,844.40			
Prepayments	Hebei Baoshi Energy saving lighting technology Co., Ltd.	60,000.00		60,000.00	

Prepayments	Hebei Baoshi Energy saving lighting technology Co., Ltd.			620,279.00	
Prepayments	Hebei Decoration Printing Machinery Co., Ltd.	835,680.87		835,680.87	
Other account receivable	Tunghsu Group			514,030,117.41	
Other non-current assets	Shijiazhuang Baoshi Electronic vacuum Glass Co., Ltd.	420,000.00			
Notes receivable	Chengdu Zhong Optoelectronic Technology Co., Ltd			710,000.00	
Other non-current assets	Tunghsu Group	132,132,857.44		132,132,857.44	

Notes : Other non-current assets reclassified as advance payments for engineering equipment

(2) Payables

Name	Related party	Book balance at year end	Book balanc at year beginning
Account payable	Shijiazhuang Bofa Mechanical Equipment Co., Ltd.		8,959,301.52
Account payable	Shijiazhuang XumingTube Co., Ltd.	14,948.00	14,948.00
Account payable	Shijiazhuang Baoshi Electronic vacuum Glass Co., Ltd.	6,344.16	4,354,418.46
Account payable	Shijiazhuang Baoshi Large-diameter plastic tube Co., Ltd	533,942.80	533,942.80
Account payable	Shijiazhuang Baoshi Zhonghe Steel Plastic Shape Co., Ltd.	30,296.40	441,578.40
Account payable	Shijiazhuang Xuling Electronic Technology Co., Ltd.	1,320,164.09	1,320,164.09
Account payable	Tunghsu (Yingkou) Optoelectronic Display Co., Ltd.	27,508,065.58	
Account payable	Shijiazhuang Tunghsu Mechanical Equipment Co., Ltd.	14,381.92	
Advance revenue	Tunghsu Group	46,176,000.00	69,676,000.00
Advance revenue	Chengdu Zhong Optoelectronic Technology Co., Ltd	38,692.80	207,291.65
Advance revenue	Yixian Xuhua Park Construction Development Co., Ltd.	3,852,318.00	
Other payable	Jinzhou Xulong New Material Technology Co., Ltd.		1,500,000.00

Other payable	Shijiazhuang Baoshi Group	722,000.00	10,455,242.86
Other payable	Tunghsu Group	349,232,426.56	13,873,229.83
Other payable	Shijiazhuang Baoshi Electronic vacuum Glass Co., Ltd.	4,700,985.30	264,000.00
Other payable	Shijiazhuang XumingTube Co., Ltd.	97,031.00	97,031.00

6.Related guarantee situation

Name	Amount	Start date	Termination date	Has the guarantee been fulfilled
Tunghsu Group	100,000,000.00	2017/4/5	2018/4/4	No
Tunghsu Group, Li Zhaoting	100,000,000.00	2017/6/19	2018/4/4	No
Tunghsu Group, Li Zhaoting	200,000,000.00	2017/11/30	2018/11/30	No
Tunghsu Group	50,000,000.00	2017/6/30	2018/6/29	No
Tunghsu Group, Li Zhaoting	200,000,000.00	2017/10/26	2018/10/26	No
Tunghsu Group	100,000,000.00	2017/2/24	2018/2/24	No
Tunghsu Group, Li Zhaoting	200,000,000.00	2017/6/28	2018/6/27	No
Tunghsu Group	100,000,000.00	2017/7/31	2018/7/30	No
Tunghsu Group, Li Zhaoting	400,000,000.00	2017/8/15	2018/8/14	No
Tunghsu Group, Li Zhaoting	50,000,000.00	2017/8/3	2018/8/2	No
Tunghsu Group, Li Zhaoting, Li Qing	387,700,000.00	2016/4/29	2018/4/28	No
Tunghsu Group, Li Zhaoting, Li Qing	599,700,000.00	2016/6/7	2019/6/7	No
Tunghsu Group	100,000,000.00	2016/5/17	2018/5/17	No
Tunghsu Group	100,000,000.00	2016/5/20	2018/5/20	No
Tunghsu Group	81,500,000.00	2016/5/26	2018/5/26	No
Tunghsu Group	18,500,000.00	2016/6/13	2018/6/12	No
Tunghsu Group, Li Zhaoting, Li Qing, and Li Zhaoting holds 10% of the shares of Tunghsu Technology Group, Tunghsu Group holds 90% of the shares of Tunghsu Technology Group	150,000,000.00	2016/5/19	2018/5/18	No
	150,000,000.00	2016/5/26	2018/4/26	No
	159,000,049.50	2016/6/8	2018/4/8	No
	40,999,950.50	2016/6/21	2018/4/21	No
Tunghsu Group, Tunghsu Optoelectronic Investment Co., Ltd., Li Zhaoting	400,000,000.00	2016/11/30	2019/11/30	No
Tunghsu Group	196,000,000.00	2016/12/15	2018/12/15	No
Tunghsu Group, Li Zhaoting	100,000,000.00	2017/3/3	2019/3/2	No
Tunghsu Group, Li Zhaoting	204,000,000.00	2017/3/29	2018/9/28	No
Tunghsu Group, Li Zhaoting	199,000,000.00	2017/2/24	2018/8/23	No
Tunghsu Group, Li Zhaoting	97,000,000.00	2017/4/27	2018/10/26	No
Tunghsu Group, Li Zhaoting, Li Qing	100,000,000.00	2017/3/31	2018/3/30	No

Tunghsu Group, Li Zhaoting, Li Qing	300,000,000.00	2017/6/2	2019/6/2	No
Tunghsu Group, Li Zhaoting, Li Qing	200,000,000.00	2017/5/15	2019/5/15	No
Tunghsu Group, Li Zhaoting, Li Qing	200,000,000.00	2016/12/27	2018/12/27	No
Tunghsu Group, Li Zhaoting, Li Qing	200,000,000.00	2016/12/29	2018/12/29	No
Tunghsu Group, Li Zhaoting, Li Qing	100,000,000.00	2016/12/23	2018/12/23	No
Tunghsu Group, Li Zhaoting, Li Qing	115,000,000.00	2017/10/31	2019/10/31	No
Li Zhaoting	400,000,000.00	2017/10/19	2018/10/19	No
Li Zhaoting	560,000,000.00	2017/12/15	2018/12/15	No
Tunghsu Group, Li Zhaoting	83,333,333.30	2017/1/6	2019/1/6	No
Tunghsu Group, Li Zhaoting	100,000,000.00	2017/7/7	2019/7/6	No
Tunghsu Group	200,000,000.00	2017/12/22	2018/12/22	No
Tunghsu Group, Li Zhaoting, Li Qing	50,000,000.00	2013/5/2	2022/4/11	No
Tunghsu Group, Li Zhaoting, Li Qing	100,000,000.00	2013/9/26	2022/4/11	No
Tunghsu Group, Li Zhaoting, Li Qing	300,000,000.00	2014/4/1	2022/4/11	No
Tunghsu Group, Li Zhaoting, Li Qing	150,000,000.00	2015/4/22	2022/4/11	No
Tunghsu Group, Li Zhaoting	450,000,000.00	2016/9/30	2021/9/29	No
Tunghsu Group, Li Zhaoting	15,000,000.00	2017/2/22	2018/2/21	No
Shijiazhuang Baoshi Group, Li Zhaoting	275,000,000.00	2015/6/1	2018/5/31	No
Tunghsu Group	10,000,000.00	2017/6/20	2018/4/25	No
Tunghsu Grou	30,000,000.00	2017/6/20	2018/4/20	No
Tunghsu Group	95,000,000.00	2017/9/18	2022/9/15	No
Tunghsu Group	190,000,000.00	2017/9/18	2022/9/15	No
Tunghsu Group	190,000,000.00	2017/9/18	2022/9/15	No
Tunghsu Group	95,000,000.00	2017/9/18	2022/9/15	No
Tunghsu Group	200,000,000.00	2017/10/31	2022/9/15	No
Tunghsu Group	200,000,000.00	2017/10/31	2022/9/15	No
Tunghsu Group, Li Zhaoting	300,000,000.00	2017/11/6	2020/11/6	No
Tunghsu Group, Li Zhaoting	199,000,000.00	2017/11/7	2020/11/7	No
Tunghsu Group, Li Zhaoting	200,000,000.00	2017/11/10	2022/11/15	No
Tunghsu Group	157,579,242.44	2016/5/25	2019/5/20	No
Tunghsu Group, Li Zhaoting	182,241,009.61	2016/5/31	2021/5/30	No
Tunghsu Group, Li Zhaoting	51,990,626.95	2016/6/16	2019/6/16	No
Tunghsu Group, Li Zhaoting, Li Qing	200,000,000.00	2016/5/27	2019/5/26	No
Tunghsu Group, Li Zhaoting	29,000,000.00	2015/10/20	2018/10/15	No
Tunghsu Group	100,000,000.00	2016/8/16	2018/8/3	No
Tunghsu Group	220,000,000.00	2016/3/17	2028/3/17	No
Tunghsu Group	280,000,000.00	2016/6/16	2028/6/16	No
Tunghsu Group	615,000,000.00	2013/1/28	2021/1/27	No

Tunghsu Group	45,739,400.00	2013/1/28	2021/1/27	No
Tunghsu Group	45,000,000.00	2017/4/1	2018/3/23	No
Tunghsu Group	45,000,000.00	2017/4/10	2018/3/31	No
Tunghsu Group, Li Zhaoting	38,000,000.00	2017/4/20	2018/4/19	No
Tunghsu Group	15,000,000.00	2017/6/21	2018/5/11	No
Tunghsu Group, Li Zhaoting	20,000,000.00	2017/6/30	2018/6/29	No
Tunghsu Group, Li Zhaoting	22,000,000.00	2017/7/7	2018/7/6	No
Tunghsu Group	50,000,000.00	2017/8/24	2018/8/24	No
Tunghsu Group, Li Zhaoting	100,000,000.00	2017/11/13	2018/11/12	No
Tunghsu Group	25,000,000.00	2017/10/20	2018/10/19	No
Tunghsu Group	50,000,000.00	2017/11/1	2018/10/30	No
Tunghsu Group	20,000,000.00	2017/11/16	2018/11/15	No
Tunghsu Group	50,000,000.00	2017/12/1	2018/11/30	No
Tunghsu Group	50,000,000.00	2017/12/28	2018/12/27	No
Tunghsu Group	40,000,000.00	2017/5/9	2018/5/8	No
Tunghsu Group	160,000,000.00	2017/5/11	2018/5/10	No
Tunghsu Group	100,000,000.00	2017/7/7	2018/7/6	No
Tunghsu Group	20,000,000.00	2017/7/26	2018/7/6	No
Tunghsu Group	80,000,000.00	2017/8/11	2018/8/10	No
Tunghsu Group	50,000,000.00	2017/8/29	2018/8/28	No
Tunghsu Group	100,000,000.00	2017/9/25	2018/9/24	No
Tunghsu Group	50,000,000.00	2017/10/9	2018/10/8	No
Tunghsu Group	50,000,000.00	2017/8/30	2018/8/29	No
Tunghsu Group	25,000,000.00	2017/10/19	2018/10/19	No
Tunghsu Group	70,000,000.00	2017/9/22	2018/9/21	No
Tunghsu Group	50,000,000.00	2017/10/12	2018/10/11	No
Tunghsu Group	40,000,000.00	2017/9/29	2018/9/27	No
Tunghsu Group	100,000,000.00	2017/10/26	2018/10/25	No
Tunghsu Group, Li Zhaoting	100,000,000.00	2017/12/29	2018/12/28	No
Tunghsu Group, Li Zhaoting	100,000,000.00	2016/3/28	2017/2/28	Yes
Tunghsu Group, Li Zhaoting	200,000,000.00	2016/11/4	2017/11/3	Yes
Tunghsu Group, Li Zhaoting, Li Qing	200,000,000.00	2016/11/4	2017/11/4	Yes
Tunghsu Group, Li Zhaoting, Li Qing	360,000,000.00	2016/12/29	2017/12/29	Yes
Tunghsu Group, Li Zhaoting	200,000,000.00	2016/9/30	2017/9/29	Yes
Tunghsu Group	200,000,000.00	2016/1/15	2017/1/15	Yes
Tunghsu Group	200,000,000.00	2016/6/3	2017/6/3	Yes
Tunghsu Group, Li Zhaoting, Li Qing	100,000,000.00	2016/4/14	2017/4/13	Yes
Tunghsu Group, Li Zhaoting	42,500,000.00	2016/4/15	2017/4/17	Yes

Tunghsu Group, Li Zhaoting, Li Qing	200,000,000.00	2016/11/4	2017/11/4	Yes
Tunghsu Group	200,000,000.00	2016/11/3	2017/11/3	Yes
Tunghsu Group	60,000,000.00	2016/6/30	2017/6/29	Yes
Tunghsu Group	200,000,000.00	2016/9/28	2017/9/27	Yes
Tunghsu Group	100,000,000.00	2016/3/25	2017/3/25	Yes
Tunghsu Group	30,000,000.00	2016/3/31	2017/3/30	Yes
Tunghsu Group	50,000,000.00	2016/11/23	2017/11/23	Yes
Tunghsu Group	45,000,000.00	2016/1/27	2017/1/27	Yes
Tunghsu Group	45,000,000.00	2016/2/29	2017/2/28	Yes
Tunghsu Group	15,000,000.00	2016/4/1	2017/3/31	Yes
Tunghsu Group, Li Zhaoting	20,000,000.00	2016/8/10	2017/8/9	Yes
Tunghsu Group, Li Zhaoting	30,000,000.00	2016/9/29	2017/8/9	Yes
Tunghsu Group, Li Zhaoting	50,000,000.00	2016/10/13	2017/8/9	Yes
Tunghsu Group, Li Zhaoting	693,700.00	2016/9/26	2017/8/9	Yes
Tunghsu Group	45,000,000.00	2017/1/3	2017/12/28	Yes
Tunghsu Group	50,000,000.00	2016/12/29	2017/12/29	Yes
Li Zhaoting	200,000,000.00	2016/8/30	2017/8/30	Yes
Li Zhaoting	200,000,000.00	2016/10/19	2017/10/19	Yes
Li Zhaoting	400,000,000.00	2016/4/15	2017/4/14	Yes
Li Zhaoting	60,000,000.00	2016/5/25	2017/5/25	Yes
Li Zhaoting	40,000,000.00	2016/12/29	2017/12/29	Yes
Li Zhaoting	60,000,000.00	2016/12/6	2017/12/6	Yes
Li Qing, Li Zhaoting	50,000,000.00	2016/11/29	2017/11/29	Yes
Tunghsu Group, Li Zhaoting, Li Qing	200,000,000.00	2016/11/10	2017/11/10	Yes

(7) Rewards for the key management personnel

In RMB'0000

Items	Amount of current period	Amount of previous period
Rewards for the key management personnel	837.29	552.05

XIII. Stock payment

1. The Stock payment overall situation

Items	Content
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Total amount of equity instruments granted by the company each year	
Total amount of rights and interests exercised by the company this year	

2. The Stock payment settled by equity

Items	Content
The determined methods of the fair value of the equity instruments granted to date	The 20 trading days prior to the announcement of the stock incentive plan average stock trading company
Determine the number of vested equity instruments	《Unlock the first phase of the company restricted stock incentive plan period can unlock the object list》
This estimate and it is estimated that there are significant differences of the previous period	Nil
Equity-settled share-based payment included in the total amount of capital reserves	6,937,440.00
This period of equity-settled share-based payment confirmation total costs	-3,685,060.00

XIV. Important or important items that exist on the balance sheet day

(1) Commitments

1.Chengdu Tongxing Micro-credit Co., Ltd. sued Sichuan Shangwei Construction and Decoration Engineering Co., Ltd., Wang Shaoqing, Lin Suqiong, Yang Jianzhong, Tunnel Group Engineering Co., Ltd. for the loan contract, and requested a loan amount of RMB 6,500,000, interest of RMB 87,7500 , among them, the company bears the guarantee responsibility. Based on Sichuan Pixian County People's Court 2016 Sichuan 0124 MC No. 4063, Pixian County Court judges that in the first instance on March 6, 2017: Weishang Construction pays Tongxin Micro-loan the principal of RMB 6,500,000 Yuan, interest of RMB 877,500 Yuan, totaling RMB 7,377,500. The overdue penalty interest after June 10, 2015 is calculated based on the calculation of the overdue loan principal at an annual interest rate of 24% until the date at which the principal is paid off. Wang Shaoqing, Lin Suqiong, Yang Jianzhong and Daosui are jointly and severally liable for Weishang. Due to dismissal of the first instance verdict, Weishang appealed to the Chengdu Intermediate People's Court. On August 22, 2017, based on Chengdu Intermediate People's Court (2017) Sichuan 01 MZ No. 10169, the second instance judges to uphold the original verdict. However, this case has been closed because of the connection between Tongxin Micro-loan and the Company, as well as Weishang Construction, Wang Shaoqing and other cases, but there are still some joint payment obligations not being relieved.

2. Liupanshui Jiuxiang Blasting Engineering Co., Ltd. sued the company due to project construction and requested the company to pay the project amount of RMB341,198.25 and the interest since April 30, 2014 (calculated at 6% per annum), The No. 1929 case of (2017) QIAN 0524 MIN CHU of Zhijin County Court, Guizhou Province was held on June 15, 2017. The Zhijin County People's Court decided to reject the appeal of the

Daosui Group's jurisdiction objection; on December 18, 2017, the Zhijin County People's Court decided to pay the construction fund of RMB 266,198.25 Yuan to Liupanshui Jiuxiang Blasting Company. On January 2, 2018, Daosui has filed an appeal, and the second instance was in progress.

3. Recourse disputes. The plaintiff, Liang Honglin, requested a sum of 234,000 yuan of overdue interest. The No. 225 case of (2016) CHUAN 1681, MINCHU of People's Court of Huaying City was held on July 21, 2017. On August 8, 2017, No. 225 judgment ruled that the Tunnel Group should return to the plaintiff of 100,000 yuan, and interest was calculated according to the interest from the same period since (2016.9.20). The Plaintiff and the Defendant were not satisfied with the first-instance judgment, and both parties filed an appeal on September 10, 2017, and the second instance was in progress.

4. Construction project contract disputes. The plaintiff Xu Wenhua requested amount: 1. Construction and guarantee funds of RMB 3 million and the calculation of interest losses on the basis of the People's Bank loan interest rate for the same period from August 10, 2013 to the time of payment; 2. The defendant will bear the legal costs. The No. 992 case of (2017) E 2823, MINCHU of the People's Court of Badong County, Hubei Province was held at 14:40 on June 12, 2017. The first instance of jurisdiction judges to dismiss jurisdictional objections, and Daosui appeals. The appeal request of Daosui was rejected in the second instance on August 10, 2017, upholding the original jurisdictional ruling; in the first-instance judgment on December 18, 2017, Daosui paid the construction amount of RMB 4,328,763 Yuan to Xu Wenhua and interest (January 1, 2009 - paid day). Daosui has filed an appeal, and the second instance was in progress.

5. Construction project contract disputes. Plaintiff (counterclaim defendant) Zhou Jihong, defendant (counterclaim plaintiff) Daosui Group Engineering Co., Ltd., defendant (counterclaim third party) Road&bridge International Co., Ltd., defendant (counterclaim third party) Chengdu Beixin Construction Engineering Co., Ltd. The Nanchong Intermediate People's Court made the No. 29 civil judgment (2013) Nanzhongfaminchuzi on April 21, 2017, ruling: Daosui Group paid Zhou Jihong 167,034.97 yuan of various amount and interest, and the interest should be accounted from May 16, 2013; reject the counter-claims of Daosui Group. After the verdict of first instance, Road&bridge International Co., Ltd. and Bridge Construction Co., Ltd. and Daosui Group Engineering Co., Ltd. both filed an appeal, and the second instance was in progress.

6. Construction project contract disputes. The plaintiff Chongqing Mingyi Labor Service Co., Ltd. requested the amount of 5 million yuan in project compensation and the interest from August 1, 2011. The No. 2370 Case of (2017) CHUAN 1130 MINCHU of the People's Court of Shunqing District of Nanchong City was held at 15:30 on July 26th, 2017, and the case was transferred to the Intermediate People's Court of Chengdu for railway transportation. The case was handed over to the Chengdu Intermediate People's Court for Railway Transportation. On December 18, 2017, the court accepted the case for the first instance and informed the Plaintiff and the Defendant to supplement data, and the case had not been determined.

7. Construction project contract disputes. Plaintiff: Chongqing Minyi Labor Service Co., Ltd., Defendant: Daosui Group Engineering Co., Ltd., Road&bridge International Co., Ltd., Third Party: Earth and Rock Engineering Branch of Sichuan Nanchong Hongcheng Construction Engineering Co., Ltd., Litigation Request: Litigation request: Daosui Group Engineering Co., Ltd. pays 4,260,061 yuan for on-site material equipment and interest on January 23, 2011; Road&bridge International Co., Ltd. and the third party bear joint responsibility for

payment within the scope of 2,750,721.63 yuan of on-site materials and equipment received. The No. 2371 case of (2017) CHUAN 1302 MINCHU of People's Court of Shunqing District of Nanchong City was held at 15:30 on July 27th, 2017, and the case was transferred to the Intermediate People's Court of Chengdu for railway transportation. The case was handed over to the Chengdu Intermediate People's Court for Railway Transportation. On December 18, 2017, the court accepted the case for the first instance and informed the Plaintiff and the Defendant to supplement data, and the case had not been determined.

8. Private lending disputes. Plaintiff: Ye Pingyuan, defendant: He Yuanyuan, Daosui Group, plaintiff's request: immediate repayment of the loan principal amount of 3.3 million yuan and interests of 726,000 yuan during the period, overdue interests and penalty interests, etc.; a total of 80,000 yuan for lawyers' fees, travel expenses, property preservation guarantees, etc. The plaintiff's request: immediate repayment of the loan principal of 2.7 million yuan and interest of 972,000 yuan during the period, overdue interest and penalty interest, etc.; payment of legal fees, travel expenses, property preservation guarantee fees, etc., totaling 50,000 yuan. The People's Court of Nanan District, Chongqing City accepted and issued the No. 5009 and No.5010 notice of response to action of (2017)YU 0108 ZI to Daosui Group on February 5, 2018.

9. Construction project contract disputes. Plaintiff: Nanchong Jian'an Labor Services Co., Ltd., Defendant: Road&bridge International Co., Ltd., Third Party: Daosui Group Engineering Co., Ltd., requested a claim relating to the Daosui Group: The defendant was ordered to pay the plaintiff's claim of 3,850,838.84 yuan and interest transferred by the third party, and the third party was jointly and severally liable. The No. 1489 case of (2017) CHUAN 1302 MINCHU of the People's Court of Shunqing District, Nanchong City was held at 15:30 on June 6, 2017. Zhongjiao Road & Bridge Construction Co., Ltd. raised objections to jurisdiction and the case was in the hearing stage. On June 20, 2017, the Shunqing District Court of Nanchong rejected the jurisdiction objection request. Currently, it waits for the court to send a court hearing notice.

10. In March 2016, Daosui Group Engineering Co., Ltd. filed a lawsuit to the owner of Inner Mongolia Zhunxing Heavy-duty Highway Co., Ltd. for payable quality guarantee deposit, totaling amount of RMB 103,000,000 Yuan, and the owners raised objections to jurisdiction. The first instance ruling was arbitrated by Beijing Arbitration Commission, and Daosui Group Engineering Co., Ltd. appealed. Through judgment of the Supreme Court, it decided to be arbitrated by Beijing Arbitration Commission on September 27, 2016. The case is in a state of suspension, waiting for the Company to apply for arbitration from Beijing Arbitration Commission. In the same year, Daosui Group Engineering Co., Ltd. counterclaimed AZ-1 and AZ-2 parts except for the quality guarantee deposit. After the counterclaim, the owner filed an objection to jurisdiction and the first instance judged to be arbitrated by Beijing Arbitration Commission. The Company appealed, and the second instance of the Supreme Court judged to be prosecuted by Inner Mongolia High Court in July, 2017. On September 10, 2017, the complaint was resubmitted. Inner Mongolia High Court accepted the case and has not held a court until the reporting date.

.(2) Commitments

As of December, 2017, there was no significant commitment or contingency in the Group.
The date of the balance sheet matters

XV. The date of the balance sheet matters**Events after balance sheet date**

On January 2, 2018, Tunghsu Construction Group Co., Ltd. established a wholly-owned subsidiary Sichuan Tunghsu Yituo Construction Engineering Co., Ltd. with a registered capital of RMB 1.0 million and a paid-up capital of RMB 0.00 million.

On January 23, 2018, Tunghsu Construction Group Co., Ltd. and Xinji Garden Municipal Construction Co., Ltd. established a subsidiary company, Xinji Xuhong Garden and Municipal Construction Co., Ltd., with a registered capital of 137.4051 million yuan and paid-up capital of 0.00 million yuan. Among them, Tunghsu Construction Group Co., Ltd. subscribes and pays 12,366.46 million yuan, holding 90% of the shares; Xinji Garden Municipal Construction Co., Ltd. subscribes and pays 13.74 million yuan, holding 10% of the shares.

On January 23, 2018, Tunghsu Construction Group Co., Ltd. and Xinji Transportation Construction Co., Ltd. established a subsidiary company, Xinji Xubang Construction Co., Ltd., with a registered capital of RMB 351.2441 million and paid-up capital of RMB 0.00 million. Among them, Tunghsu Construction Group Co., Ltd. subscribes and pays RMB 316.1197 million and holds 90% of shares; Xinji Transportation Construction Co., Ltd. subscribes and pays RMB 35.11244 million and holds 10% of the shares.

On January 18, 2018, Hunan Tunghsu Weigao Medical Devices Technology Co., Ltd. established a wholly-owned subsidiary, Guangzhou Stanford Medical Devices Co., Ltd., with registered capital of RMB 20 million and paid-up capital of RMB 0.00 million.

On January 18, 2018, Hunan Tunghsu Weigao Medical Devices Technology Co., Ltd. established a wholly-owned subsidiary, Chongqing Huiqin Medical Devices Co., Ltd., with registered capital of RMB 20 million and paid-up capital of RMB 0.00 million.

On February 7, 2018, Tunghsu Construction Group Co., Ltd. acquired 70% of Zhongcheng Guojian Co., Ltd. with a registered capital of RMB 600 million and paid-in capital of RMB 437,900.

On April 13, 2018, the 34th meeting of the 8th board of directors of the Company examined and approved the Proposal on the Sale of Controlling Shares and Related Party Transactions. Transferred 51% equity of Xuyou Electronic Materials Technology (Wuxi) Co., Ltd., a holding subsidiary of the company, to related party Tunghsu Technology Group Co., Ltd.

Profit Distribution Plan of the Company in 2017, deliberated by the 35th meeting of the 8th board of directors, distributed dividend to all shareholders for every 10 shares represented 0.70 per cash dividend (tax included) and the total distributed cash dividend was 401,117,508.26 RMB based on 5,730,250,118 shares in total of the Company on December 31, 2017. The Company did not carry out the plan of bonus shares and transfer of reserve to common shares, it remained to be deliberated and adopted by the shareholder's meeting of the Company in 2017 before being carried out.

XVI. Other significant events

As of December 31, 2017, Other material matters not required to be disclosed by the company.

XVII. Notes of main items in financial reports of parent company

(1) Account receivable

1. Classification account receivables.

Classification	Amount in year-end				
	Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)	Amount
Accounts receivable of individually withdrawing bad debt provision with significant individual amount					
Accounts receivable according to the characteristics combinatorial withdrawing bad debt provision	24,456,691.50	100.00	619,428.91	2.53	23,837,262.59
Aging group	1,235,814.42	5.05	619,428.91	50.12	616,385.51
Others	23,220,877.08	94.95			23,220,877.08
Accounts receivable of individually withdrawing bad debt provision with non-significant individual amount					
Total	24,456,691.50	100.00	619,428.91	2.53	23,837,262.59

Continued:

Classification	Amount in year-beginning				
	Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)	Amount
Accounts receivable of individually withdrawing bad debt provision with significant individual amount					
Accounts receivable according to the characteristics combinatorial withdrawing bad debt provision	20,464,248.49	100.00	567,495.23	2.77	19,896,753.26
Aging group	1,274,263.10	6.23	567,495.23	44.54	706,767.87
Others	19,189,985.39	93.77			19,189,985.39

Accounts receivable of individually withdrawing bad debt provision with non-significant individual amount					
Total	20,464,248.49	100.00	567,495.23	2.77	19,896,753.26

① Accounts receivable of combinational withdrawing bad debt provision by aging analysis method

Aging	Amount in year-end			
	Amount	Proportion%	Provision for bad debts	Proportion%
Within credit period	261,551.32	21.16		
Within 1 year after credit period				
1-2 years				
2-3 years				
3-4 years	709,668.39	57.43	354,834.20	50.00
4-5 years				
Over 5years	264,594.71	21.41	264,594.71	100.00
Total	1,235,814.42	100.00%	619,428.91	50.12

Continued:

Aging	Amount in year- beginning			
	Amount	Proportion%	Provision for bad debts	Proportion%
Within credit period				
Within 1 year after credit period				
1-2 years				
2-3 years	1,009,668.39	79.24	302,900.52	30.00
3-4 years				
4-5 years				
Over 5years	264,594.71	20.76	264,594.71	100.00
Total	1,274,263.10	100.00	567,495.23	44.54

② Accounts receivable of combinational withdrawing bad debt provision by Other methods

Group name	Amount in year-end	Provision for bad debts
Other group	23,220,877.08	

Continued:

Group name	Amount in year-end	Provision for bad debts
Other group	19,189,985.39	

Notes: Accounts receivable not written off during the reporting period.

(2) As of December 31, 2017, The ending balance of account receivables owed by the imputation of the top five parties

The total receivable amount of top five closing balances collected by the debtors in the current reporting period is RMB20,636,262.24, which accounts for 84.38% of the total receivables. The total amount of closing balance for corresponding accrued bad-debt provision is RMB0.00.

(3) Bad debt provision

Items	Amount in year-beginning	Increase in current period	Decrease in current period		Amount in year-end
			Switched back	Write-off	
Bad debt provision	567,495.23	151,933.68	100,000.00		619,428.91

2. Other accounts receivable

(1) Other accounts receivable disclosed by Classification

Classification	Amount in year-end				
	Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)	Amount
Other Accounts receivable of individually withdrawing bad debt provision with significant individual amount					
Other Accounts receivable according to the characteristics combinatorial withdrawing bad debt provision	4,792,302,782.16	100.00	1,590,109.46	0.03	4,790,712,672.7
Aging group	31,223,447.36	0.65	1,590,109.46	5.09	29,633,337.90

Others	4,761,079,334.80	99.35			4,761,079,334.80
Other Accounts receivable of individually withdrawing bad debt provision with non-significant individual amount					
Total	4,792,302,782.16	100.00	1,590,109.46	0.03	4,790,712,672.70

continued:

Classification	Amount in year-beginning				
	Book Balance		Bad debt provision		Book value
	Amount	Proportion(%)	Amount	Proportion(%)	Amount
Other Accounts receivable of individually withdrawing bad debt provision with significant individual amount					
Other Accounts receivable according to the characteristics combinatorial withdrawing bad debt provision	4,927,387,025.34	100.00	1,967,568.56	0.04	4,925,419,456.78
Aging group	2,993,747.74	0.06	1,967,568.56	65.72	1,026,179.18
Others	4,924,393,277.60	99.94			4,924,393,277.60
Other Accounts receivable of individually withdrawing bad debt provision with non-significant individual amount					

Total	4,927,387,025.34	100.00	1,967,568.56	0.04	4,925,419,456.78
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①Other receivable of combinational withdrawing bad debt provision by aging analysis method

Aging	Amount in year-end			
	Amount	Proportion%	Provision for bad debts	Proportion(%)
Within credit period	29,501,025.00	94.48		
Within 1 year after credit period	4,862.34	0.02	243.11	5.00
1-2 years	3,356.00	0.01	335.60	10.00
2-3 years				
3-4 years	249,346.55	0.80	124,673.28	50.00
4-5 years				
Over 5 years	1,464,857.47	4.69	1,464,857.47	100.00
Total	31,223,447.36	100.00	1,590,109.46	5.09

Continued:

Items	Amount in year- begin			
	Amount	Proportion%	Provision for bad debts	Proportion(%)
Within credit period	25,926.54	0.87		
Within 1 year after credit period	73,935.50	2.47	3,696.78	5.00
1-2 years	474,822.31	15.86	47,482.28	10.00
2-3 years	718,105.55	23.98	215,431.66	30.00
3-4 years				
4-5 years				
Over 5 years	1,700,957.84	56.82	1,700,957.84	100.00
Total	2,993,747.74	100.00	1,967,568.56	65.72

②Other receivable of combinational withdrawing bad debt provision by other method

Name	Amount in year-end	Provision for bad debts
Current account	4,728,633,349.92	
Deposit	31,693,666.66	
Personal official borrowing	159,109.89	
Persona Returnable Insurance	446,555.34	
Export tax refunds	146,652.99	

Total	4,761,079,334.80	
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Continued:

Name	Amount in year-beginning	Provision for bad debts
Current account	4,918,192,744.41	
Deposit	5,853,833.34	
Personal official borrowing	179,023.27	
Persona Returnable Insurance	21,023.59	
Export tax refunds	146,652.99	
Total	4,924,393,277.60	

(2) Other account receivable classified by account nature

Items	Closing Balance	Opening Balance
Deposit	31,693,666.66	5,853,833.34
Personal official borrowing	159,109.89	179,023.27
Related current account	4,728,633,349.92	4,918,192,744.41
current account	28,846,088.84	
Persona Returnable Insurance	446,555.34	21,023.59
Other	2,524,011.51	3,140,400.73
Total	4,792,302,782.16	4,927,387,025.34

(3) The ending balance of other receivables owed by the imputation of the top five parties

Name	Is it a related party?	Nature	Amount in year-end	Aging	Proportion	The closing balance of bad debts
Wuhu Tunghsu Optoelectronic Technology Co., Ltd.	Yes	Current account	1,654,731,471.94	Within credit period	34.53	
Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd.	Yes	Current account	1,359,678,360.33	Within credit period	28.37	
Beijing Xufeng Real Estate Co., Ltd.	Yes	Current account	705,172,347.30	Within credit period	14.71	

Shanghai Sunlong Bus Co., Ltd.	Yes	Current account	290,000,000.00	Within credit period	6.05	
Fuzhou Xufu Optoelectronic Technology Co., Ltd.	Yes	Current account	282,539,000.00	Within credit period	5.90	
Total			4,292,121,179.57		89.56	

(4) Bad debt provision

Items	Year-beginning balance	Increase	Decrease		Year-end balance
			switch back	Write-off	
Amount	1,967,568.56	124,673.27	502,132.37		1,590,109.46

3. Long-term equity investment

Items	Year-end balance		
	Book balance	Bad debt provision	Book value
Investment to the subsidiary	21,269,035,359.71	378,172,649.84	20,890,862,709.87
Investment to joint ventures and associated enterprises	2,129,502,187.30		2,129,502,187.30
Total	23,398,537,547.01	378,172,649.84	23,020,364,897.17

Continued:

Items	Year-beginning balance		
	Book balance	Bad debt provision	Book value
Investment to the subsidiary	11,679,609,832.63	378,172,649.84	11,301,437,182.79
Investment to joint ventures and associated enterprises	72,354,803.70		72,354,803.70
Total	11,751,964,636.33	378,172,649.84	11,373,791,986.49

(2) Investment to the subsidiary

Name	Opening balance	Increase	Decrease	Closing balance
Wuhu Tunghsu Optoelectronic Equipment Technology Co., Ltd.	93,100,000.00	197,800,000.00		290,900,000.00

Shijiazhuang Xuxin Optoelectronic Technology Co., Ltd.	1,966,568,609.92			1,966,568,609.92
Zhengzhou Xufei Optoelectronic Technology Co., Ltd.	1,791,853,741.58			1,791,853,741.58
Sichuan Xuhong Optoelectronic Technology Co., Ltd.		1,221,178,272.58		1,221,178,272.58
Wuhu Tunghsu Optoelectronic Technology Co., Ltd.	4,711,064,000.00			4,711,064,000.00
Fuzhou Tunghsu Optoelectronic Technology Co., Ltd.	10,000,000.00	1,735,000,000.00		1,745,000,000.00
Wuhan Tunghsu Optoelectronic Technology Co., Ltd.	3,125,000.00	122,200.00		3,247,200.00
Fuzhou Xufu Optoelectronic Technology Co., Ltd.	10,900,000.00	13,100,000.00		24,000,000.00
Shenzhen Xuhui Investment Co., Ltd.	20,000,000.00	80,000,000.00		100,000,000.00
Taizhou Tunghsu Graphene Industry Investment Fund Management Center (LP)	25,000,000.00			25,000,000.00
Xuyou Electric Material Technology (Wuxi) Co., Ltd.	383,402,995.80	187,225,054.50		570,628,050.30
Shijiazhuang Baoshi Color Bulb Co., Ltd.	439,341,956.80			439,341,956.80
Jiangsu Jixing New Material Co., Ltd.	167,345,300.00	55,000,000.00		222,345,300.00
Tunghsu (Kunshan) Display Material Co., Ltd.	400,000,000.00	400,000,000.00		800,000,000.00
Beijing Xutan New Material Technology Co., Ltd.	10,500,000.00			10,500,000.00
Hebei Xubao Construction Engineering Installation Co., Ltd.	100,000,000.00	24,464,986.35	124,464,986.35	

Sichuan Ruiyi Construction Engineering Co., Ltd.	1,000,453,728.53		1,000,453,728.53	
Beijing Xufeng Real Estate Co., Ltd.	470,000,000.00			470,000,000.00
Tunghsu Construction Group Co., Ltd.		3,000,453,728.53		3,000,453,728.53
Shanghai Sunlong Bus Co., Ltd.		3,800,000,000.00		3,800,000,000.00
Beijing Tunghsu Investment Co., Ltd.	3,500,000.00			3,500,000.00
Shanghai Tanyuan Huigu New Material Technology Co., Ltd.	73,454,500.00			73,454,500.00
Total	11,679,609,832.63	10,714,344,241.96	1,124,918,714.88	21,269,035,359.71

(3) Investment to associated enterprises

Name	Opening balance	Increase /decrease in reporting period				
		Add investment	Decreased investment	Gain/loss of Investment	Adjustment of other comprehensive income	Other equity changes
Associated enterprises						
Zhongda Chengxin International Commercial Factoring Co., Ltd.	72,354,803.70			952,164.38		
Tunghsu Group Finance Co., Ltd.		2,000,000,000.00		4,062,204.94		
Tunghsu(Deyang)Graphene Development Fund Partnership (LP)		19,800,000.00		-345,799.29		
Zibo Bus service Co., L td.		32,666,667.00		12,146.57		
Total	72,354,803.70	2,052,466,667.00		4,680,716.60		

Continued:

Name	Increase /decrease in reporting period			Closing balance	Closing balance of impairment provision
	Declaration of cash dividends or profit	Withdrawn impairment	Other		

Name	Increase /decrease in reporting period			Closing balance	Closing balance of impairment
		provision			
Associated enterprises					
ZhongdaChengxin International Commercial Factoring Co., Ltd.				73,306,968.08	
Tunghsu Group Finance Co., Ltd.				2,004,062,204.94	
Tunghsu(Deyang)Graphene Development Fund Partnership (LP)				19,454,200.71	
Zibo Bus service Co., L td.				32,678,813.57	
Total				2,129,502,187.30	

(4) Long-term investment depreciation reserves

Name	Year-beginning balance	Increase in the		Year-end balance
		current period	Decrease in the current period	
Shijiazhuang Colour Bulb Co., Ltd.	378,172,649.84			378,172,649.84
Total	378,172,649.84			378,172,649.84

4. Business income and Business cost

(1) Business income and Business cost

Items	Amount of current period		Amount of previous period	
	Income	Cost	Income	Cost
Main business	188,688,625.35	135,848,152.08	582,234,699.27	375,617,762.25
Other business	35,347,620.01	22,002,680.00	11,781,069.53	1,881,691.12
Total	224,036,245.36	157,850,832.08	594,015,768.80	377,499,453.37

(2) Main business (Product)

Name	Amount of current period		Amount of previous period	
	Income	Cost	Income	Cost
Equipment and Technology Service	188,688,625.35	135,848,152.08	582,234,699.27	375,617,766.25
Total	188,688,625.35	135,848,152.08	582,234,699.27	375,617,766.25

(3) Main business (Area)

	Amount of current period	Amount of previous period
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	Income	Cost	Income	Cost
Equipment and Technology Service	188,688,625.35	135,848,152.08	582,234,699.27	375,617,766.25
Total	188,688,625.35	135,848,152.08	582,234,699.27	375,617,766.25

5. Investment income

Invested companies	Amount of current period	Amount of previous period
Income from long-term equity investment measured by adopting the cost method	665,000,000.00	570,000,000.00
Investment loss through disposal of long-term equity investment	4,680,716.60	-71,448.71
Financing income	59,030,191.76	624,657.54
Total	728,710,908.36	570,553,208.83

XVIII. Supplementary Information

1. Non-operating profits and losses in the current period

According to “The No. 1 Interpretative Announcement for Information Disclosure of Companies of public issue of Securities—Non-recurring Gains and Losses” of the China Securities Regulatory Commission (“China Securities Regulatory Commission Announcement [2008] No. 43”), the company’s non-recurring gains and losses are as follows:

No	Items	Amount of current period
1	Non-current asset disposal gain/loss(including the write-off part for which assets impairment provision is made)	-69,697.52
2	Tax refund, deduction and exemption that is examined and approved by authority exceeding or has no official approval document.	
3	Governmental Subsidy accounted as current gain/loss, except for those subsidies at with amount or quantity fixed by the national government and closely related to the Company’s business operation.	101,686,984.15
4	Capital occupation fee collected from non-financial organizations and accounted as current gain/loss.	
5	Income from the exceeding part between investment cost of the Company paid for obtaining subsidiaries, associates and joint-ventures and recognizable net assets fair value attributable to the Company when acquiring the investment	
6	Gains and losses from exchange of non-monetary assets	

7	Gains and losses from assets under trusted investment or Management	59,041,599.98
8	Asset impairment provisions for force major such as natural disasters	
9	Gain/loss from debt reorganization	
10	Enterprise reorganization expenses, such as payment to stuff placement and consolidation expenses	
11	Gain/loss from trades obviously departed from fair value	
12	Net gain/loss of current term from consolidation of subsidiaries under common control from beginning of term to the consolidation date	79,090,446.84
13	Gain/loss from debt forecasting without connection to the main business operation	
14	In addition to normal business with the company effective hedging related business, holders of tradable financial assets, transactions and financial liabilities arising from changes in fair value gains and losses, as well as the disposal of trading of financial assets, trading financial liabilities and available-for-sale financial assets gains return on investment;	
15	Single impairment test for impairment of receivables transferred back to preparation	
16	Gains and losses obtained from external trusted loans	
17	The use of fair value measurement model of follow-up to the fair value of real estate investment gains and losses arising from changes	
18	According to tax, accounting and other laws, regulations, the requirements of the current Gain/loss for a one-time adjustment of the impact of the current Gain/loss;	
19	Entrusted with the operating of the trust to obtain fee income	8,973,818.33
20	Net amount of non-operating income and expense except the aforesaid items	-29,905.76
21	Other non-recurring Gains/loss items	
22	Subtotal of non-current gains and losses	248,693,246.02
23	Less: Amount of influence of income tax	22,693,220.73
24	Less: Amount of influence of minority interests	21,916,676.76
25	Attributable to shareholders of the parent company total non-current gains and losses	204,083,348.53

2 Return on net assets and earnings per share

Profit of the report period	Return on net assets . Weighted (%)	Earnings per share	
		Basic earnings per share	Diluted gains per share
Net profit attributable to the Common stock shareholders of Company.	7.09	0.33	0.33
Net profit attributable to the Common stock shareholders of	6.47	0.31	0.31

Profit of the report period	Return on net assets . Weighted (%)	Earnings per share	
Company after deducting of non-recurring gain/loss.			

XII. Documents available for inspection

- 1.The original annual report bearing the signature of the Chairman of the Board of Directors of the Company;
- 2.The text of the financial report bearing the seal and signature of the person in charge of the Company, financial controller and the person in charge of accounting organ
- 3.Original audit report seal with accounting firms and signature and seal from CPA;
3. Originals of all documents and manuscripts of public Notices of the Company Disclosed in public in the newspapers as designated by China Securities Regulatory Commission.

【Notes】 This Report has been prepared in both Chinese and English. In case of any discrepancy, the Chinese version shall prevail.

Tunghsu Optoelectronic Technology Co., Ltd.

Chairman: Li Zhaoting

Issue day approved by the Board of Directors: April 19, 2018